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Daily Report—

East Asia

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Daily Report

East Asia

FBIS-EAS-96-146

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PRC, ASEAN Agree To Solve 'Sea Baselines' Dispute

BK2507123996 Kuala Lumpur THE STAR in English 25 Jul 96

[Unattributed report — received via Internet]

[FBIS Transcribed Text] Jakarta — China and ASEAN have agreed to call in legal and technical experts to resolve the dispute over Beijing's newly-drawn sea baselines in the South China Sea.

The agreement was reached by ASEAN and China at a Seven-Plus-One meeting.

The meeting was co-ordinated by Malaysia with representatives from other ASEAN countries.

Speaking to newsmen later, Foreign Minister Datuk Abdullah Ahmad Badawi said since it involved technical matters, experts would have to be called in to revolve the matter.

"Chinese Foreign Minister Qian Qichen explained his country's rationale in drawing up the baselines. Both sides had differing views on the matter but agreed to continue discussion," he said.

ASEAN has expressed concern about the baselines and maintained that China has no basis in drawing the demarcation lines since Beijing is a continental and not an archipelagic state.

On the other hand, Beijing said it had carried out extensive studies before drawing the baselines.

At another press conference, Qian said China hoped that parties concerned with the Comprehensive Test Ban Treaty would show flexibility in order to conclude the treaty as soon as possible.

Abdullah also said that Beijing had agreed in principle to awarding more landing rights to Malaysia Airlines in a number of cities in China.

Ramos Sees 'No Obstacle' to Cambodian, Lao Entry to ASEAN

BK2907075596 Quezon City Radio Filipinas in English 0230 GMT 29 Jul 96

[FBIS Transcribed Text] President Fidel Ramos said no obstacle must be allowed to block the entry of Laos and Cambodia into the Association of Southeast Asian Nations, ASEAN. President Ramos told an ASEAN study group on Cambodia and Laos at a dinner on Saturday 27 July evening, that, and we quote, we are organizing

not only a free trade zone or a [word indistinct] heads of government, end of quote. ASEAN comprises the Philippines, Malaysia, Indonesia, Singapore, Thailand, Brunei, and Vietnam.

ASEAN diplomats have said, a goal of the organization is to expand membership to eventually include the two Indo-China states as well as Burma. The study group, composed of experts from ASEAN countries as well as from Laos and Cambodia, met in Manila last week to study the question of the two countries' integration into ASEAN and to identify obstacles to regional cooperation.

The [Malacanang] Palace statement said the group submitted its recommendation to President Ramos at Saturday's dinner.

The release quoted President Ramos as telling the group there was no substitute to Southeast Asian unification if the region is to pull its weight in the new power balance shaping up in the Asia-Pacific and survive an increasingly global economy.

ASEAN 'at Odds' Over New Zealand, Australia Joining ASEM

BK29070783296 Manila BUSINESS WORLD in English 29 Jul 96

[Unattributed report — received via Internet]

[FBIS Transcribed Text] Jakarta — Member-states of the Association of Southeast Asian Nations (ASEAN) are still at odds over the proposed inclusion of Australia and New Zealand in the next Asia-Europe Meeting (ASEM) as part of the Asian bloc, even though Japan and some of the grouping's members have already voiced their support for the Oceania states.

Foreign Affairs Undersecretary Rodolfo Severino said ASEAN is still undecided on the possible participation of Australia and New Zealand into the next ASEM, which is scheduled to take place in London in 1998, despite the assurances made by a number of countries of the Asian bloc that the two will take part in the next summit. "It's still up in the air," Mr. Severino said on Australia and New Zealand's inclusion into the Asian side of ASEM. "As you know, Indonesia backed the participation (of Australia and New Zealand) even at the beginning. But there was no consensus on that yet ... The ministers started discussing this (membership in ASEM) Sunday night. But they haven't gotten any conclusions," he added.

Japan**Japan: Hashimoto Message to Clinton Condemns Olympics Bombing**

*OW2807040596 Tokyo KYODO in English
0329 GMT 28 Jul 96*

[FBIS Transcribed Text] Tokyo, July 28 KYODO — Prime Minister Ryutaro Hashimoto on Sunday sent a message to U.S. President Bill Clinton condemning Saturday's deadly bomb at the Centennial Olympic Park in Atlanta and offering Japan's assistance if required.

The statement, sent via the U.S. Embassy in Tokyo, also expressed the prime minister's condolences for the one person killed in the blast, government officials said.

The bomb ripped through the park, which was packed with visitors attending a rock concert. One woman was killed in the blast, and one cameraman is said to have died of a heart attack rushing to the scene.

In the message, Hashimoto said he hoped the Olympics Games would continue successfully and that Japan was willing to extend its assistance if required.

Foreign Minister Yukihiko Ikeda, currently visiting Vietnam, sent a similar message Sunday to U.S. Secretary of State Warren Christopher.

Clinton condemned the bombing as an "evil act of terror" and vowed "to spare no effort" to bring the bombers to justice.

Japan: Hashimoto Urges Political Decision on Chip Issue

*OW2707235596 Tokyo NIHON KEIZAI SHIMBUN
in Japanese 25 Jul 96 Evening Edition p 1*

[FBIS Translated Text] Prime Minister Ryutaro Hashimoto sent a letter to President Clinton, calling for a settlement of the Japan-U.S. Semiconductor Accord, which will expire at the end of July. In this regard, Hashimoto said on the morning of 25 July that the letter "asks whether or not the United States is ready to make a political decision and, if yes, to instruct the U.S. negotiators accordingly." In this way, the prime minister disclosed that he had asked the President to make a compromise and political decision. As regards the aviation negotiations, Hashimoto explained that he also urged the President to meet Japan halfway for an early settlement. The prime minister answered questions from a group of reporters at the Prime Minister's Official Residence.

On Japan-U.S. negotiations in the three fields — semiconductor, insurance, and aviation — Hashimoto expressed strong distrust of the U.S. trade representative (USTR), which is conducting negotiations. He said: "As

far as the negotiations are concerned, it is doubtful if the U.S. Government officials understand what the President says."

Regarding the semiconductor negotiations, the prime minister criticized the U.S. stance, saying: "The U.S. attitude is retrograding and it is worse than the stand it assumed at our discussions at the developed nations' summit (the Lyons Summit). It adheres to the view that the current situation is the base line. There is no way of promoting discussions." He also pointed out that "If they call for market research, both Japan and the United States have to do it."

The prime minister stressed: "There is no way of finding a solution if the officials continue the hustling and jostling." He said that he wants the United States to "make a political decision." Touching on the aviation negotiations, the prime minister explained that he told the President that the United States "has to be concerned about the issue of passengers too and the unfairness must be rectified."

Tokyo Considers Political Decision on Third-Sector Insurance

*OW2707031696 Tokyo NIHON KEIZAI SHIMBUN
in Japanese 25 Jul 96 Morning Edition p 5*

[FBIS Translated Text] The Japanese Ministry of Finance (MOF) and the U.S. Trade Representative (USTR) Office will hold a final vice-ministerial meeting in Vancouver, Canada, on 25 and 26 July to break an impasse at the bilateral insurance talks ahead of the 31 July deadline for concluding talks. Timing of Japanese firms' participation in the nonlife insurance market, in which foreign companies earn a large portion of their revenue, will be the biggest focal point.

There is the possibility that if the two countries fail to reach an accord at the vice-ministerial meeting, they will make a political decision at ministerial talks. They are likely to seek a final compromise by postponing Japanese companies' entry into the nonlife insurance sector one to two years.

Attending the vice-ministerial meeting are Eisuke Sakakibara, the MOF International Finance Bureau director general, and Ira Shapire, USTR senior counsel. However, it is believed that it will be difficult for them to reach a compromise at the working-level talks because there is still a wide gap in their views. MOF Minister Wataru Kubo spoke to a 24 July news conference: (After the briefing about the result of the consultation), "I would like to decide how much Japan can compromise. If my participation improves the situation, I will take action accordingly." By saying this,

he showed his intention to make a political decision himself at the last phase of the negotiation.

As for the third-sector insurance market, the matter at issue, nonlife insurance subsidiaries of Japanese life insurance companies intend to start business operations in October, and the Japanese Government seeks to approve their immediate participation. However, the United States demands that in view of the impact on foreign insurance companies, Japanese insurers' participation be frozen for three years after liberalization of the life and nonlife insurance sectors. Both countries have been forced to give consideration to domestic insurance industries because of future elections. Negotiations have been deadlocked as they cannot reach compromise.

On 4 July, life and nonlife insurance companies requested the MOF permit them to enter each other's market by forming subsidiaries. However, the MOF has shelved its permission because the nonlife insurance sector talks remain uncertain. However, if the ministry further postpones its permission, subsidiaries will not be able to start business in October. Therefore, the MOF is forced to make decision by the end of this month.

Japan: Final Day of Talks With U.S. on Insurance Begins

OW2707005196 Tokyo KYODO in English
2349 GMT 26 Jul 96

[By Kohei Murayama]

[FBIS Transcribed Text] Vancouver, July 26 KYODO — Japanese and U.S. negotiators Friday began the final round of two-day talks on their bilateral insurance dispute, hoping to bridge still wide differences before ministers meet to resolve the issue by next Wednesday's deadline.

"Differences remain wide although they are not deepening, and we are trying to bridge the gaps as much as we can," Eisuke Sakakibara, director general of the Japanese Finance Ministry's International Finance Bureau, told reporters as he entered the negotiation venue at the bayside U.S. Consulate in Vancouver.

U.S. and Japanese officials said the two sides tabled new proposals at their morning session, but soon took a recess to review them, with the next session not expected until late afternoon.

"We have a significant distance...and certainly many issues of a certain magnitude go to ministers," Ira Shapiro, senior counsel and negotiator at the Office of the U.S. Trade Representative, told reporters as he emerged from the morning session.

Shapiro said "it's too early to tell" whether the two sides are ready yet to call a meeting between acting U.S. Trade Representative Charlene Barshefsky and Japanese Finance Minister Wataru Kubo to break the impasse.

Either Barshefsky would go to Tokyo after her talks with Japan's International Trade and Industry Minister Shunpei Tsukahara on the semiconductor dispute or Kubo would come to Vancouver after the Japanese Government sets budgetary ceilings Tuesday, a negotiation source said.

Barshefsky is scheduled to come to Vancouver on Monday for last-ditch talks on the bilateral microchip dispute with Tsukahara.

In late June, Japanese Prime Minister Ryutaro Hashimoto and U.S. President Bill Clinton set Wednesday as the deadline for reaching a "mutually acceptable agreement" in the semiconductor and insurance sectors.

Considering both Kubo and Barshefsky's tight schedules, the insurance talks could be extended beyond the Wednesday deadline, a Japanese official said.

"The semiconductor issue must be resolved by the July 31 deadline because the two trade chiefs will be negotiating directly, but there's no problem (for the insurance talks) to run two or three days more, as long as they don't go into the following week," the official said.

After the first day, the official had said, "an agreement is highly unlikely here this time."

"The results at best will be that the two sides narrow down their differences to four or five (issues)," the official said. But he did not elaborate on what the differences are.

Noting that both Japan and the United States will soon face elections, the official said, "the remaining gaps are so politically sensitive that they require political decisions to allow...a compromise."

The negotiation source said the Japanese side offered to hold quarterly sessions until next April to review deregulation in Japan's primary sectors.

In addition, Tokyo proposed delaying for two years after the review period entry into the "third-sector" Japanese insurance market by subsidiaries of major Japanese life and nonlife insurance companies.

The proposal also includes delaying the entry of Japanese life insurers into personal accident insurance — the major disputed area in the third sector — the source said.

Japan unofficially conveyed the proposal earlier this month, and the U.S. side initially responded with a call for permanent review sessions.

The Japanese plan followed an earlier U.S. proposal to monitor deregulation for one year, and allow access to the third sector in three years if Japan achieves substantial deregulation during the monitoring period.

The two nations are at odds over Japan's deregulation in the primary life and nonlife insurance sectors, and the scope and timing of major Japanese life and nonlife insurers entering the third sector under the 1994 bilateral insurance agreement.

The third sector covers such insurance products as cancer, nursing and accidents that are in a gray zone between the primary life and nonlife sectors.

Foreign insurers have a strong hold in cancer and some other lucrative insurance areas, which major Japanese insurers are planning to enter through subsidiaries.

Japan's new Insurance Law, which came into effect in April, allows major life and nonlife insurers to enter each other's turf through subsidiaries.

Under the bilateral accord, however, Japan is to take special measures in its third-sector market, such as banning the subsidiaries from introducing "new or expanded products."

Such measures would be aimed at avoiding "any radical change" in the market before foreign insurers are given a "reasonable" period to compete with Japanese rivals in the primary sectors after those sectors are substantially liberalized to allow a wide variety of rates and types of policy.

In earlier talks, the two nations agreed to implement the special measures for cancer and some other disease insurance, and to allow subsidiaries immediate access to nursing insurance.

Japan: Insurance Talks With U.S. End; 'Wide Gaps' Remain

*OW2707081496 Tokyo KYODO in English
0746 GMT 27 Jul 96*

[By Kohei Murayama]

[FBIS Transcribed Text] Vancouver, July 27 KYODO — Senior Japanese and U.S. negotiators ended two-day talks late Friday [26 July] on their bilateral insurance dispute, leaving wide gaps for expected minister-level talks to resolve through "political decision" by next Wednesday's deadline.

A negotiation source said acting U.S. Trade Representative Charlene Barshefsky and Japanese Finance Minister

Wataru Kubo will talk either directly or through telephone in a bid to break the impasse before or shortly after the deadline.

"We bridged our gaps as much as we could, but wide differences remain," Eisuke Sakakibara, director general of the Japanese Finance Ministry's International Finance Bureau, told reporters after the Vancouver talks.

"I will leave Saturday for Tokyo to report the results to Kubo, and seek his instructions for the next steps," Sakakibara said.

Ira Shapiro, senior counsel and negotiator of the office of the U.S. Trade Representative, said, "we have a significant distance...and certainly many issues of a certain magnitude go to ministers."

U.S. officials declined to comment on whether Barshefsky would visit Tokyo after her last-ditch talks in Vancouver from Monday on the bilateral semiconductor talks with Japanese International Trade and Industry Minister Shunpei Tsukahara.

But a U.S. negotiation source said Washington expects the insurance talks to continue next week.

A Japanese official said a visit by Kubo to Vancouver "is extremely unlikely" due to his tight schedule over Tokyo deciding budgetary ceilings Tuesday.

"It's more natural for Barshefsky to visit Tokyo," the official said.

In late June, Japanese Prime Minister Ryutaro Hashimoto and U.S. President Bill Clinton set Wednesday as the deadline for reaching a "mutually acceptable agreement" in the semiconductor and insurance issues.

Considering both Kubo and Barshefsky's tight schedules, the Japanese official said the insurance talks could be extended beyond the Wednesday deadline.

"The semiconductor issue must be resolved by the July 31 deadline because the two trade chiefs will be negotiating directly, but there's no problem (for insurance talks) to run two or three days more, as long as they don't go into the following week," the official said.

With the two-day talks in Vancouver, the two sides managed to "narrow down differences to five or six major issues," the official said.

He said the U.S. side was disappointed with Japan's proposals for deregulation of the Japanese primary life and nonlife insurance markets, while the Japanese side was discouraged by the U.S. proposal on the so-called "third sector" in Japan's insurance market.

Noting that both Tokyo and Washington will soon face elections, the official said, "the remaining gaps are so politically sensitive that they require political decisions to allow...a compromise."

"The decisions are whether to choose an agreement or a breakdown...but the instructions by the two leaders for an agreement by July 31 have a heavy implication," the official said in expressing hope to resolve the dispute.

A Japanese negotiation source said the Tokyo side offered to hold quarterly sessions until April to review deregulation in the primary sectors.

In addition, Tokyo proposed delaying for two years after the review period entry into the third-sector Japanese insurance market by subsidiaries of major Japanese life and nonlife insurance companies.

The proposal also included delaying the entry of Japanese life insurers into personal accident insurance — the major disputed area in the third sector, the official said.

Japan unofficially conveyed the proposals earlier this month, and the U.S. side responded with a call for permanent review sessions, the official said.

The Japanese compromise plan followed an earlier U.S. proposal to monitor deregulation for one year, and allow access to the third sector in three years if Japan achieves substantial deregulation during the monitoring period.

The two nations have been at odds over Japan's deregulation in the primary life and nonlife insurance sectors, and the timing of major Japanese life and nonlife insurers entering the third sector under the 1994 bilateral insurance agreement.

The third sector covers such items as cancer, nursing and accident insurance that are in a gray zone between the primary life and nonlife sectors.

Foreign insurers have a strong hold in cancer and some other lucrative insurance areas which major Japanese insurers are planning to enter through subsidiaries later this year.

Japan's new Insurance Law, which came into effect in April, allows major life and nonlife insurers to enter each other's turf through subsidiaries.

Under the bilateral accord, however, Japan is to take special measures in its third-sector market, such as banning the subsidiaries from introducing "new or expanded products."

Such measures are aimed at avoiding "any radical change" in the market before foreign insurers are given a "reasonable" period to compete with Japanese rivals in the primary sectors after those sectors are substantially

liberalized to allow a wide variety of premium rates and types of policy.

In earlier talks, the two nations agreed to implement the special measures for cancer and some other disease insurance, and to allow subsidiaries immediate access to nursing insurance.

Japan: 'Source': Sakakibara To Return for Insurance Talks

OW2907060796 Tokyo KYODO in English
0553 GMT 29 Jul 96

[FBIS Transcribed Text] Vancouver, July 28 KYODO — Senior Japanese negotiator Eisuke Sakakibara will return to Canada in a few days to resume talks with the United States on the bilateral insurance dispute, a Japanese negotiation source and a U.S. official said Sunday [28 July].

The Japanese source confirmed the planned return of Sakakibara, director general of the Japanese Finance Ministry's International Finance Bureau.

A U.S. official said, "They haven't let us know yet...but we have been assuming that he would be coming back."

Sakakibara held talks in Vancouver on Thursday and Friday with Ira Shapiro, senior counsel and negotiator in the office of the U.S. Trade Representative, in a bid to resolve the insurance dispute ahead of Wednesday's deadline.

After ending the talks without a breakthrough, Sakakibara returned to Tokyo to report on the results to Finance Minister Wataru Kubo to seek his decision over the next steps to resolve the impasse.

His return to Vancouver suggests that Kubo has instructed Sakakibara to continue bridging any gaps as much as possible until the last minute.

Meanwhile, the two nations are expected to arrange talks between Kubo and acting U.S. Trade Representative Charlene Barshefsky either by phone or direct meeting to resolve the issue through "political decisions."

Shapiro is now holding deputy-level sessions in Vancouver with Japan on the semiconductor dispute ahead of the Wednesday deadline, and Barshefsky is to join Tuesday in last-ditch talks with Japanese International Trade and Industry Minister Shunpei Tsukahara.

Japan: MOF Official Hints at Talks With U.S. on Insurance Dispute

OW2907091496 Tokyo KYODO in English
0852 GMT 29 Jul 96

[FBIS Transcribed Text] Tokyo, July 29 KYODO — Vice Finance Minister Tadashi Ogawa said Monday

there is a possibility that Japan and the United States will hold a ministerial-level meeting to settle the bilateral insurance dispute by Wednesday's deadline.

Finance Minister Wataru Kubo's schedule is tight as the government plans to set the ceilings for fiscal 1997 budget requests Tuesday, Ogawa said at a news conference.

But Japan will continue last-ditch efforts to strike a deal on the issue by the deadline, he said.

At two-day working-level talks that ended Friday in Vancouver, Canada, the two countries were unable to narrow their differences on measures taken by Japan to liberalize its insurance market.

A negotiation source has said Kubo and acting U.S. Trade Representative Charlene Barshefsky will talk either directly or by telephone in a bid to break the impasse before or shortly after the deadline.

Japan: Hashimoto Criticizes Kantor Over Auto Trade Remarks

*OW2807144296 Tokyo KYODO in English
1433 GMT 28 Jul 96*

[FBIS Transcribed Text] Tokyo, July 28 KYODO — Prime Minister Ryutaro Hashimoto blasted U.S. Commerce Secretary Mickey Kantor on Sunday for his reported remarks blaming Tokyo for failing to meet obligations to ease access to the Japanese auto market.

"It's really a problem if he did say such a thing," Hashimoto told reporters at his office. "The U.S. has unilaterally calculated (target) figures for expanding dealerships in Japan handling U.S.-made cars). We've already declared that our side has no responsibility whatsoever (for the figures)."

Hashimoto also said such remarks would adversely affect ongoing bilateral talks on other trade disputes involving microchips and insurance.

Kantor reportedly accused Japan on Thursday [25 July] of not trying to meet requirements under a bilateral auto trade agreement hammered out last year between himself and Hashimoto, then trade minister, including a rise in the number of Japanese dealers selling models made by the three largest U.S. automakers.

Japan: Hashimoto: Tokyo To 'Get Tougher' in Trade Talks With U.S.

*OW2907123696 Tokyo KYODO in English
1227 GMT 29 Jul 96*

[FBIS Transcribed Text] Tokyo, July 29 KYODO — Prime Minister Ryutaro Hashimoto said Monday Japan will get tougher in stalled semiconductor and insurance

trade negotiations with the United States as occasion demands.

Hashimoto made the remark in reaction to U.S. Commerce Secretary Mickey Kantor's recent complaints about the Japanese automobile market.

In Detroit last week, Kantor said Japan has failed to live up to its obligation under a bilateral auto trade agreement in June 1995 to allow the big three U.S. automakers — General Motors Corp., Ford Motor Co. and Chrysler Corp. — to open 200 dealerships by the end of 1996.

But Hashimoto reacted bitterly as the target reflects Washington's expectations rather than Japan's obligation.

The prime minister also told reporters that he has received a letter from U.S. President Bill Clinton calling for the two leaders' active involvement to break the impasse in bilateral trade negotiations.

Japan: Insurers 'Frustrated' Over Failed Negotiations

*OW2707122296 Tokyo KYODO in English
1040 GMT 27 Jul 96*

[FBIS Transcribed Text] Tokyo, July 27 KYODO — Japanese insurers are frustrated by the lack of progress in two days of Japan-U.S. insurance negotiations that ended Friday [26 July] in Vancouver, industry officials said Saturday.

The bilateral dispute stands in the way of Japanese life and nonlife insurance companies' plans to tap each other's markets through subsidiaries from October.

"I hope (the government) will settle the dispute quickly and give us a green light to set up subsidiaries," a ranking official at a major Japanese life insurance company said.

Senior Japanese and U.S. insurance negotiators met in the capital of British Columbia, Canada, in a last-ditch attempt to cut an agreement by Wednesday's deadline for settling the dispute.

But they failed to bridge their differences, leaving the issue to a political settlement at expected talks between Finance Minister Wataru Kubo and acting U.S. Trade Representative Charlene Barshefsky.

A central point of contention is the timing of major Japanese life insurance companies' entering the accident insurance market through their planned nonlife subsidiaries.

Foreign insurers are strong in the so-called "third sector" of the Japanese insurance market, which includes

personal accident and other policies in a gray zone between the life and nonlife sectors.

While Japan wants to allow planned units early access to the third sector, Washington argues they should wait for a "reasonable" period of time after Japan deregulates the primary life and nonlife sectors.

Both Japanese life and nonlife insurers protest the U.S. claim, arguing there is no reason to bar the subsidiaries from access to the market when Japanese nonlife insurers can sell the product.

The U.S. "is trying to create regulations where there is none," a senior official at a leading nonlife insurer said.

At the Vancouver talks, Tokyo proposed delaying the entry of subsidiaries into the third sector for two years after reviewing deregulation in the primary sectors.

Washington, however, insisted on a delay of three years.

Japanese insurers, meanwhile, want the governments to strike an accord as soon as possible because their applications for forming subsidiaries have been put into limbo by the dispute.

"Unless we win approvals by mid-August, we won't be able to make it," said a top official of a nonlife insurance company in reference to beginning operations in October as planned.

Japan: Hashimoto Vows To Check Access to U.S. Microchip Market

*OW2807065296 Tokyo KYODO in English
0629 GMT 28 Jul 96*

[FBIS Transcribed Text] Nagoya, July 28 KYODO — Prime Minister Ryutaro Hashimoto said Sunday that Japan will examine the openness of the U.S. semiconductor market in connection with the deadlocked bilateral microchip trade dispute.

Hashimoto made the remarks in a speech in the central Japan city of Nagoya, referring to last-ditch efforts by the two countries to settle the semiconductor dispute by the Wednesday deadline.

The two nations remain at odds over the future of the current bilateral chip accord, which expires Wednesday.

At the center of the dispute is whether to renew the two governments' role in ensuring a certain foreign share of the Japanese chip market even after the expiration of the existing pact, which stipulates foreign semiconductor makers can expect at least a 20 percent share of the Japanese chip market.

Hashimoto said the semiconductor dispute, like other bilateral economic issues such as aviation and insurance,

will not damage the overall relationship between Japan and the United States.

"We are not in a situation where we have to worry about a shake-up in the relationship between the countries," he said.

Japan: Chip Industries Eye Talks With U.S. in Vancouver

*OW270705296 Tokyo KYODO in English
0021 GMT 27 Jul 96*

[FBIS Transcribed Text] Vancouver, July 26 KYODO — Japanese and U.S. semiconductor industry officials will likely meet here Monday to try to break the impasse over the bilateral microchip trade dispute by the Wednesday deadline, chip industry sources said Friday.

The meeting will coincide with subcabinet- and ministerial-level bilateral chip talks slated to take place here the same day.

At the center of the dispute is whether to renew the two government's role in monitoring the industry when the existing pact expires at the end of July. The pact requires government efforts to ensure at least a 20 percent foreign share of the Japanese chip market.

The United States has already proposed that the Japanese and U.S. chip industries take over regular chip share surveys currently conducted by both governments.

In Vancouver, the U.S. chip industry will urge the Japanese industry to accept the proposal, the sources said.

The Japanese Government plans to reject any government involvement in data collection, the sources said.

But it may allow the industries to decide whether to agree to monitoring of their own, the sources said.

Japan: Private Sector Chip Market Share Survey Suggested

*OW2707024196 Tokyo NIHON KEIZAI SHIMBUN
in Japanese 24 Jul 96 Morning Edition p 5*

[By Yosuhiko Ota]

[FBIS Translated Text] Washington, 23 July — The U.S. Government submitted a compromise proposal in the Japan-U.S. semiconductor negotiations, prior to the opening next week of vice ministerial discussions in Vancouver, to sound out the Japanese Government. The proposal addresses the most contentious point of the negotiations, a survey of the market share of foreign-made semiconductors in the Japanese market. Mindful of the Japanese claim that the involvement of the two

countries' governments is unnecessary, it calls for a private sector-led, joint Japan-U.S. survey to be carried out by the industry associations of both countries. However, Japan appears to oppose the plan, and it is not apparent that in the final negotiations the U.S. proposal will be accepted.

On 19 July, Charlene Barshefsky, U.S. trade representative (USTR), conveyed the proposal to Kunihiko Saito, Japanese ambassador to the United States. The USTR goal was to take advantage of the Vancouver conference by the semiconductor industries of both countries at the end of last week to pass the U.S. position through the ambassador and the Ministry of International Trade and Industry [MITI] to the Electronic Industries Association of Japan (EIAJ).

The U.S. Government is willing to relinquish direct government involvement in joint market share surveys called for in the existing agreement. As an alternative, the United States proposes that the private sectors be responsible for continuing the actual measuring of the market share of foreign-made semiconductors. The numerical data submitted by the private sectors would then be utilized in governmental investigative meetings, with the aim of giving the impression that Japan's demand for indirect "government involvement" in the United States is met.

However, it seems that MITI did not present the U.S. plan to EIAJ, which attended the private sector conference. Reasons given for this include there was not enough time to forward the proposal, since the Barshefsky pitch was made just before the conference began.

MITI and Japanese industry associations are opposed to market share surveys conducted by the private sector without government involvement, yet are in the position of being faced with yielding to the United States. Japan is particularly strongly opposed to a survey method that, regardless of where the semiconductor is made, decides the nationality of the manufactured goods based on the company's capital relationships, a "capital-based nationalism."

Japan: Senior Officials Push To Meet 31 Jul Chip Deadline

*OW2807114096 Tokyo KYODO in English
0923 GMT 28 Jul 96*

[By Kohei Murayama]

[FBIS Transcribed Text] Vancouver, July 28 KYODO — Senior Japanese and U.S. officials are set to begin talks on the bilateral microchip dispute Sunday here in Canada to pave the way for their ministers to seek

an agreement next week by Wednesday's [31 July] deadline.

The last-ditch talks will seek a compromise over the thorniest issue: government involvement in ensuring foreign access to Japan's semiconductor market, with a vague agreement expected to emerge resembling a bilateral auto trade accord reached last summer, U.S. and Japanese sources said.

Tokyo and Washington resolved their auto trade dispute with an agreement welcoming "voluntary" commitments announced on the sidelines by Japanese automakers to boost production in north America, and also by U.S. automakers to step up sales efforts in Japan.

The United States announced its estimates for increased access to the Japanese auto market under the agreement, but Japan brushed them aside as unilateral U.S. figures that are not included in the accord among Japan's commitments.

In semiconductors, the two nations have been at odds over whether to maintain the government role in market access under the 1991 bilateral chip agreement that expires Wednesday.

The current accord has led Tokyo to ensure foreign chip share of more than 20 percent in the Japanese market, and the Japanese government is rejecting any new arrangement suggesting new numerical targets now that foreign market share has topped 30 percent.

On the sidelines of the government-level talks, Japanese and U.S. microchip industry leaders are slated to hold meetings here in Vancouver to set up a new cooperation framework.

A senior Japanese official said the U.S. side is unlikely to drop its demand for government monitoring of market share due to strong pressure from the U.S. microchip industry.

"We will not offer a new compromise plan unless the U.S. side eases its position," the official said.

But the Japanese official expressed hope for a last-minute agreement, saying that the U.S. negotiators are taking a "brinkmanship" stance to await Japanese concessions.

Reflecting the dispute over whether to make binding government commitments, Tokyo is calling for a "joint statement," while Washington is insisting on a "memorandum of understanding" that is subject to its retaliatory trade law.

Otherwise, the two nations have made progress on some issues in recent talks, including a session between

acting U.S. trade Representative Charlene Barshefsky and Japanese International Trade and Industry Minister Shumpei Tsukahara in New Zealand earlier this month.

The U.S. has responded positively to a Japanese offer to hold an annual joint meeting between a Tokyo-proposed global government forum and a Japanese industry-proposed world semiconductor council.

The Japanese proposal is aimed at blending the U.S. demand for government involvement in industry-level activities with Tokyo's insistence on replacing the bilateral arrangement with the multilateral forum.

In addressing the Japanese demand for limiting government involvement, the U.S. has proposed that the Japanese and U.S. chip industries take over regular chip share surveys currently conducted by both governments.

The Japanese official said the proposed private-sector surveys "have no meaning since the U.S. is continuing to insist on monitoring by the Japanese Government."

Yoshihiro Sakamoto, vice minister for international affairs at Japan's Ministry of International Trade and Industry, arrived here Saturday to meet Ira Shapiro, senior counsel and negotiator of the U.S. trade representative office, who just ended talks with Japan here Friday on the insurance dispute without an agreement.

The insurance talks are also slated for minister-level talks sometime next week although the schedule is still undecided.

But the microchip talks will be upgraded to minister-level sessions from Tuesday, joined by Barshefsky and Tsukahara.

The series of bilateral negotiations came as last-ditch efforts to meet the Wednesday deadline set last June by Japanese Prime Minister Ryutaro Hashimoto and U.S. President Bill Clinton for reaching a "mutually acceptable agreement" in both semiconductor and insurance issues.

Japan: Official Comments on Chip Dispute as Talks Begin

OW2907001796 Tokyo KYODO in English
2354 GMT 28 Jul 96

[By Kohei Murayama]

[FBIS Transcribed Text] Vancouver, July 28 KYODO - Japanese and U.S. senior officials started two days of talks Sunday on a bilateral microchip dispute to pave the way for their ministers to seek an agreement next week by Wednesday's [31 July] deadline.

"We are not going into substance today," Japanese senior negotiator Yoshihiro Sakamoto told reporters as

he entered a bay-side hotel in Vancouver for the talks with his counterpart Ira Shapiro, senior counsel and negotiator of the office of the U.S. Trade Representative.

The prospects of the talks in Vancouver "largely depend on the U.S. side," Sakamoto, vice minister for international affairs at the Ministry of International Trade and Industry, said.

U.S. officials were not immediately available for comment.

The microchip talks will be upgraded to ministerial level from Tuesday, joined by acting U.S. Trade Representative Charlene Barshefsky and Japanese International Trade and Industry Minister Shumpei Tsukahara.

U.S. and Japanese sources said the last-ditch talks will focus on seeking reciprocal compromises, with the thorny issue of government involvement in foreign access to Japan's semiconductor expected to be settled with a vague agreement resembling the bilateral auto trade accord reached last summer.

Tokyo and Washington resolved their auto trade dispute with an agreement welcoming "voluntary" commitments announced on the sidelines by Japanese automakers to boost production in north America, and also by U.S. automakers to step up sales efforts in Japan.

The United States announced its estimates of how much the auto agreement would help increase access to Japan, while the Japanese side brushed aside those figures as a unilateral U.S. action.

Mirroring the auto trade dispute, the two nations have been at odds over whether to maintain government role on market access under the bilateral 1991 semiconductor agreement that expires Wednesday.

The current accord has led Tokyo to ensure foreign share of above 20 percent in the Japanese semiconductor market, and the Japanese Government is rejecting any new arrangement suggesting new numerical targets now that foreign share has topped 30 percent.

On the sidelines of the government-level talks, Japanese and U.S. microchip industry leaders are slated to hold meetings in Vancouver to set up a new cooperation framework.

A senior Japanese official, speaking on condition of anonymity, said the U.S. side is unlikely to drop its demand for government monitoring of market share due to strong pressure from the U.S. microchip industry.

"We will not offer a new compromise plan unless the U.S. side eases its position," the official said.

But the official expressed hope for a last-minute agreement, saying the U.S. negotiators are taking a "brinkmanship" stance to await Japanese concessions.

Reflecting the dispute over whether to make binding government commitments, Tokyo is insisting on a "joint statement," while Washington is calling for a "memorandum of understanding" that is subject to its retaliatory trade law.

Otherwise, the two nations have made progress on some issues in recent talks, including a session between Barshefsky and Tsukahara in New Zealand earlier this month.

The U.S. has responded positively to a Japanese offer for holding a joint annual meeting between a Tokyo-proposed global government forum and a Japanese industry-proposed world semiconductor council.

The Japanese proposal is aimed at blending U.S. demand for government involvement in industry-level activities into Tokyo's insistence for replacing the bilateral arrangement with the multilateral forum.

In addressing Japan's demand for limiting government involvement, the U.S. has proposed that the Japanese and U.S. semiconductor industries take over regular microchip share surveys currently conducted by both governments.

The Japanese official said the proposed private-sector surveys "have no meaning since the U.S. is continuing to insist on monitoring by the Japanese Government."

Shapiro has been in Vancouver since Thursday, and held two days of talks with Japan on the bilateral insurance dispute. The talks ended inconclusively, leaving resolution of the dispute to yet undecided talks between Barshefsky and Japanese Finance Ministry Wataru Kubo.

The series of bilateral negotiations are a last-ditch effort to meet the Wednesday deadline set in June by Japanese Prime Minister Ryutaro Hashimoto and U.S. President Bill Clinton for reaching a "mutually acceptable agreement" on the semiconductor and insurance issues.

Japan: Official Fails To Confirm U.S. Offer in Chip Dispute

OW2907080696 Tokyo KYODO in English
0748 GMT 29 Jul 96

[FBIS Transcribed Text] Tokyo, July 29 KYODO — A senior Japanese trade official Monday failed to confirm a compromise proposal U.S. sources say Washington is poised to offer in bilateral semiconductor negotiations, which urges Tokyo to make off-the-record commitments to boosting foreign access in Japan.

"I have encountered a report (on the proposal), but have not confirmed it in the negotiations," Tomio Tsutsumi, vice minister of international trade and industry, told a news conference.

U.S. negotiation sources revealed the new proposal Sunday in Vancouver, Canada, where senior Japanese and U.S. officials are to meet Monday in a last-ditch attempt to break the impasse over microchip trade by Wednesday's deadline.

Washington intends to table the proposal when the talks go to International Trade and Industry Minister Shunpei Tsukahara and acting U.S. Trade Representative Charlene Barshefsky on Tuesday, the sources said.

Japan and the United States are wrangling over Washington's demand for a bilateral memorandum of understanding to continue market-access progress made under the 1991 bilateral semiconductor agreement, which expires Wednesday.

Tokyo opposes the U.S. call because it says such a commitment would expose it to retaliatory steps under U.S. Trade Law.

To address the Japanese concern, the U.S. side will drop its insistence on the memorandum of understanding, and call for Japan to offer some form of off-the-record commitment to market access instead, the sources said.

Tokyo, Washington Remain Apart on Microchip Talks

OW2907104996 Tokyo KYODO in English
1032 GMT 29 Jul 96

[By Kohei Murayama]

[FBIS Transcribed Text] Vancouver, Canada, July 29 KYODO — Japanese and U.S. negotiators ended the first-day session of their two-day semiconductor talks late Sunday still chasing the kind of breakthrough that would pave the way for their ministers to reach an agreement by Wednesday's deadline.

Both sides, however, expressed hope that the dispute would be solved by the deadline, and appeared to be prepared to be flexible.

"There was no progress since we devoted (the Sunday session) to clarifying wide-ranging issues in earlier proposals," Yoshihiro Sakamoto, vice minister for international affairs at Japan's Ministry of International Trade and Industry, told reporters as he emerged from the talks.

"We've got a considerable distance to cover and a limited amount of time," said Ira Shapiro, senior counsel

and negotiator at the office of the U.S. Trade Representative.

"But I think we are deepening our understanding of the differences...and will be meeting intensively for the next several days and particularly intensively in an effort to prepare for the time when our ministers arrive," Shapiro told reporters.

On Tuesday, the talks go from senior officials to acting U.S. Trade Representative Charlene Barshefsky and Japanese International Trade and Industry Minister Shunpei Tsukahara.

Asked about the prospects of the Vancouver negotiations ending by the Wednesday deadline, Shapiro said, "I would hope that both sides would be trying to solve this in a flexible but principled way."

A U.S. official said, "I wouldn't say at this point that we're getting close (to an agreement)...But I think we will (resolve it by the deadline)."

A Japanese official said the two nations remain apart on two major issues — government role in ensuring foreign market share in Japan and whether to make a Japan-proposed multilateral arrangement or U.S.-initiate bilateral framework after the current bilateral semiconductor agreement expires Wednesday.

"Wide differences remain in the two issues that are expected to remain unresolved until the minister-level talks for political judgment to fill the gaps," the official said.

"The Japanese side is ready to modify its proposals if the U.S. eases its stance," he said.

U.S. sources said Washington intends to seek an unwritten commitment from Tokyo in boosting foreign market access in Japan as a last-minute compromise proposal during the Barshefsky-Tsukahara talks.

Under the proposal, the U.S. side will drop its demand for stating "preservation and continuation" in a "memorandum of understanding," but urge Tokyo in return to offer some form of unwritten commitment for foreign access to the Japanese microchip market, the sources said.

The proposal allows both nations to claim victory, a scenario resembling an agreement the two nations reached last summer over their high-profile auto trade dispute.

On the sidelines of the government-level talks, Japanese and U.S. industry leaders are slated to hold meetings in Vancouver from Monday to set up a new cooperative framework.

Apparently reflecting the expected U.S. action, another U.S. official said Washington is ready to accept a Japanese demand for a "joint statement" instead of a memorandum of understanding, which would be subject to U.S. retaliation.

The current accord calls on Tokyo to ensure foreign market share of above 20 percent. But Japan has rejected any new arrangements suggesting new numerical targets now that the foreign share has topped 30 percent.

The two nations have made progress on some issues in their recent talks, including a session between Barshefsky and Tsukahara in New Zealand earlier this month.

The U.S. responded positively to a Japanese offer for holding a joint annual meeting between a Tokyo-proposed global government forum and a Japanese industry-proposed World Semiconductor Council.

Rather than the U.S. demand for government involvement in industry-level activities, the proposal would replace the bilateral arrangement with a multilateral forum.

In addressing Japan's demand for limiting government involvement, the U.S. has proposed that the Japanese and U.S. semiconductor industries take over regular microchip share surveys currently conducted by both governments.

Shapiro has been in Vancouver since Thursday and held two-day talks with Japan on the bilateral insurance dispute. The talks ended inconclusively, leaving resolution of the dispute to yet-unscheduled talks between Barshefsky and Japanese Finance Minister Wataru Kubo.

The series of bilateral negotiations are a last-ditch effort to meet the Wednesday deadline set in June by Japanese Prime Minister Ryutaro Hashimoto and U.S. President Bill Clinton for reaching a "mutually acceptable agreement" on the semiconductor and insurance issues.

The two leaders recently exchanged letters to provide further impetus with political commitments to the ongoing Vancouver talks.

Tokyo, Washington Urged To Settle Chip, Insurance Disputes

*OW2707025396 Tokyo YOMIURI SHIMBUN
in Japanese 25 Jul 96 Morning Edition p 3*

[Editorial: "Japan, United States Should Make Efforts To Reach Agreement by End of Month"]

[FBIS Translated Text] The deadline for agreements in Japan-U.S. semiconductor and insurance talks is drawing near. There is only a week to go before the 31

July deadline set by Prime Minister Ryutaro Hashimoto and U.S. President Bill Clinton in their recent talks.

Regrettably, the two sides have so far failed to reconcile their differences on these issues. Thus, prospects for the two countries reaching an agreement remain dim.

While the chip and insurance talks have had rough going, sources of friction have increased. In the aviation sector, the two sides have moved to take retaliatory actions against each other. Also, the U.S. Congress has promoted deliberations on a bill to prevent government-affiliated organizations from purchasing Japanese-made supercomputers.

Solid and close relations between Japan and the United States in both the political and economic fields are important for peace and prosperity of the two nations and the world. Therefore, sources of friction should be removed as soon as possible. We urge the two governments to do their best to reach an agreement in the semiconductor and insurance fields.

The main issue in the chip talks is how to deal with a bilateral semiconductor agreement due to expire at the end of this month.

Japan has asserted: "The share of foreign-made chips in the Japanese market goes far beyond the 20 percent demanded by the United States. Thus, the United States has achieved its goal." Instead of the bilateral agreement, Japan has proposed regular multilateral chip talks involving the European Union (EU) at both the private and government levels.

The United States has maintained that the monitoring of the foreign share in the Japanese market should continue, and that extension of the bilateral chip accord is imperative for the continued monitoring.

In the 10 years since the agreement was concluded, the world's semiconductor industry has changed greatly. While Japanese, U.S., and European chip makers have promoted business tieups and joint development and production beyond borders, the size of the Japanese market has shrunk to about 20 percent of the world market. It is now meaningless for the United States to insist on the continuation of the agreement, which smacks of managed trade and targets only Japan.

In the insurance talks, the main issue is participation by Japanese life insurance firms' subsidiaries in accident insurance in Japan, a field in which U.S. firms are strong.

Based on the revised Insurance Business Law, which followed a 1994 Japan-U.S. insurance agreement, the Finance Ministry plans to approve the entry of Japanese life and nonlife insurance firms into the accident

insurance field via subsidiaries. However, the United States is opposed to the plan, saying: "Their entry into the accident insurance field is unacceptable unless the Japanese insurance market is greatly liberalized."

Negotiations on autos and auto parts, the biggest bilateral trade issue so far, reached a successful conclusion in the summer of 1995 and the trade imbalance between the two countries is rapidly being rectified. As such, fundamental causes of trade friction are being eliminated.

Yet, new problems have arisen in each sector, and behind this lies the U.S. presidential election. It is understandable that the Clinton administration cannot ignore pressure from influential corporations and members of Congress. Japan will need to take this into consideration.

However, if the United States pursues only immediate benefits and insists on protecting its industries, agreement on the two issues will be further delayed, while friction will be exacerbated. The U.S. position, which poses an obstacle to liberalization of the Japanese market and ignores the interests of consumers and users, will only invite unfavorable reactions from the Japanese Government and people.

Japan and the United States are in a position to take the initiative in promoting multilateral trade, a movement that is under way with the World Trade Organization (WTO) at its core. In this regard, they should try to settle the semiconductor and insurance disputes based on multilateral trade rules.

We hope the two governments will make progress toward an agreement in the two fields, based on a more global perspective.

Japan: JAL Criticizes U.S. for Air Cargo Sanction Proceedings

OW2707050296 Tokyo KYODO in English
0425 GMT 27 Jul 96

[FBIS Transcribed Text] Washington, July 26 KYODO — Japan Airlines [JAL] on Friday blasted the United States for launching sanctions proceedings against its cargo flights.

In a report presented to the transportation department, JAL said, "the imposition of punitive sanctions against JAL would be an inappropriate and unlawful means of attempting to resolve the disputed issue between the U.S. and Japan."

In mid-July, Washington initiated sanctions proceedings against JAL in response to Japan's refusal of flight requests by U.S. cargo carrier Federal Express Corp. (Fedex).

It is "wholly inappropriate to address the underlying issue through a coercive process directed at private parties," the report said.

"No dispute of this kind can be satisfactorily resolved by unilateral action on the part of one of the disputants. A satisfactory solution can be reached only through bilateral consultations, in which the government of Japan repeatedly has expressed its willingness to participate," it added.

Fedex had applied to the Japanese Transport Ministry for licenses for five new flights to Asian countries under "beyond rights" to freely open new routes and boost flight frequencies beyond Japan to third nations.

Fedex had planned to begin July 1 extra flights from Osaka to Manila, Cebu in the Philippines, and Jakarta, and new flights from Osaka to Shanghai and Beijing.

Tokyo says U.S. airlines have no vested rights for flights to the Chinese cities, and that needed documents were not submitted for approval of the remaining routes.

The JAL report said Fedex "must submit certain information to Japanese authorities as required by Japan's domestic procedures to ensure that its application complies with the letter and spirit of the (Japan-U.S. aviation) agreement as a prerequisite to obtaining Japan's approval."

The report said Tokyo will likely punish the U.S. if it moves to take retaliatory steps against JAL in the Fedex case.

The unilateral imposition by the U.S. of punitive sanctions on JAL will "surely result in comparable restrictions being placed on U.S. airlines by the Government of Japan," it said.

In response to the fresh U.S. action, Japan's Transport Ministry announced recently that if Washington takes retaliatory steps against JAL, it would ban a U.S. airline from operating flights between Japan and five Asian destinations — Manila, Cebu, Kuala Lumpur, Penang in Malaysia, and Singapore.

Washington is expected to decide whether or not to punish JAL in early August, according to industry sources.

The sanction would ban the Japanese carrier from operating cargo flights to the U.S. from Manila and four other cities in Asia via Japan, the sources said.

Japan: Hashimoto Welcomes U.S.-PRC Accord on Ministerial Visits

OW2707031796 *Tokyo NIHON KEIZAI SHIMBUN* in Japanese 25 Jul 96 Evening Edition p 2

[FBIS Translated Text] Prime Minister Ryutaro Hashimoto welcomed the fact that at the ministerial meeting in Jakarta, the United States and the PRC have agreed to exchange minister-level visits by the end of this year. He said: "Recently, their relationship has improved a little. I think the timing of the agreement was extremely good." He answered reporters' question at his official residence on the morning of 25 July.

Japan: Kadena Delegation Opposes Heliport Relocation

OW2707031596 *Naha OKINAWA TIMES* in Japanese 26 Jul 96 Morning Edition p 3

[FBIS Translated Text] Tokyo — Kadena Mayor Tokujitsu Miyagi and a Kadena Town Assembly delegation (headed by Vice Speaker Seibun Tabaj) visited the Ministry of Foreign Affairs [MOFA] and the Defense Facilities Administration Agency [DFAA] on 25 July, and expressed their opposition to the proposed relocation of a heliport to Kadena Air Base [KAB] in exchange for the return of Marine Corps Air Station Futenma. However, the MOFA and the DFAA merely said, "The question of where the heliport should be relocated is still under discussion between Japan and the United States, and the final decision is yet to be made."

The delegation separately met with Hitoshi Tanaka, MOFA North American Affairs Bureau councilor, and Masuo Morodomi, DFAA director general. Although Miyagi and other members pointed out that the plan to relocate the heliport to KAB has often been reported, both Tanaka and Morodomi said, "We just cannot imagine (grounds for the report)."

When the Kadena mission asked if the prefectural government has approved the proposed relocation to KAB, they said that the plan has not been proposed at official meetings, and that they have not been informed of details of discussions at separate meetings.

In addition, the delegation demanded that efforts be made to remove the U.S. Navy hangar and to observe the noise pollution prevention accord. As for the hangar's removal, Morodomi clearly mentioned the schedule for the first time, saying, "The necessary budget will be incorporated in the FY97 budget program to implement concrete measures." Regarding the noise pollution prevention accord, Tanaka said, "We will research the actual situation, and take necessary actions."

However, we must ask for your patience to a certain extent."

The delegation made the same requests at the meeting with Deputy Chief Cabinet Secretary Kazo Watanabe held at the Prime Minister's Official Residence.

Japan: SDP Leader Says Bases Issue Not Enough To Cause Elections

OW2707235696 Tokyo NIHON KEIZAI SHIMBUN in Japanese 26 Jul 96 Morning Edition p 2

[FBIS Translated Text] Kanju Sato, secretary general of the Social Democratic Party [SDP], gave a speech in Tokyo on 25 July. While showing a stance of opposing enactment of special legislation for forcible land use for U.S. military bases in Okinawa, Sato said: "I do not think this issue can shake up the cabinet so bad that a dissolution of the lower house and general elections will follow. The government and the Liberal Democratic Party will have a better understanding and try to realize Okinawa Prefecture's demands." In this way, he explained the view that the SDP will do its best to form a consensus within the ruling parties.

Japan: Okinawa Base Proxy Court Case Begins

OW2907034996 Tokyo KYODO in English 0319 GMT 29 Jul 96

[FBIS Transcribed Text] Naha, Japan, July 29 KYODO — The government and Okinawa Prefecture clashed again Monday at the first hearing in the Fukuoka High Court of a suit seeking to force the Okinawa governor to authorize rental of land within a U.S. Navy communications facility.

The suit is an attempt to get Gov. Masahide Ota to act as proxy on behalf of village chiefs who have refused to make public documents detailing a government request for use of the land, a step which is a prerequisite to the expropriation of the plot of land.

It is the second suit brought by the government in an attempt to get Ota to carry out what it claims are his duties, following one in December in which the government sought to force him to sign documents needed for the continued forced rental of all land used by the U.S. military.

The government is seeking through a ruling to resolve the current impasse under which it continues to allow U.S. forces to use the communications facility in the village of Yomitan, despite the expiry of a lease on the land at the end of March.

At oral proceedings in the court's Naha branch, under presiding judge Kenichi Iwatani, lawyers for the government said that continued use of the land as a com-

munications base by the U.S. military is in the public interest, based on Japan's responsibilities under its commitment to the U.S.-Japan security treaty.

But lawyers for the prefecture maintained that Ota is only protecting the interests of the citizens of the prefecture.

They told the court that a suit aimed at forcibly implementing "illegal occupation" of the land contravenes justice under the law.

In March the same court ordered Ota to sign documents needed for the continued compulsory rental of land to U.S. forces, ruling that his refusal to do so "significantly hinders the public interest."

A supreme court ruling, set for Aug. 28, on an appeal by the prefecture against that ruling is likely to influence the outcome of the current hearing.

The owner of the land, Shoichi Chibana, 48, filed suit last Thursday in the Naha district court in the prefectoral capital against the central government, demanding the return of his land.

Ota is reportedly prepared to refuse to sign documents authorizing the compulsory leasing of a total of 11 facilities involving some 3,000 landowners whose lease agreements are due to expire soon, and faces the prospect of a third such suit brought by the government in mid-August.

Ota has maintained his refusal is in accordance with the will of the Okinawa people, claiming the concentration of U.S. military facilities in Okinawa Prefecture infringes on their constitutional rights to live in peace, as well as violating local landowners' property rights.

Public opposition to the U.S. military presence in Okinawa intensified after the rape of a 12-year-old schoolgirl last September by three U.S. servicemen.

About 75 percent of all Japanese land for U.S. military use is concentrated in Okinawa, which accounts for only 0.6 percent of Japan's total area and is located about 1,600 kilometers southwest of Tokyo.

Japan: LDP's Shiokawa Criticizes Ota Over Military Base Policy

OW2907095896 Naha RYUKYU SHIMPO in Japanese 27 Jul 96 Morning Edition p 1

[FBIS Translated Text] Masajuro Shiokawa, chairman of the Liberal Democratic Party's [LDP] General Council, addressed the 27th session of the LDP Okinawa Chapter on 26 July in Naha, Okinawa Prefecture. Touching on the issue of Okinawa's coexistence with U.S. military bases, Shiokawa made critical remarks

about the political stance of Governor Masahide Ota, who has proposed a plan seeking the return of all land used by U.S. forces on Okinawa by 2015. He said: "I regret that he is taking a stance that is contradictory (to the central government's security policy). If he really cares about Okinawa's future, I wonder if it is not really possible for him to seek Okinawa's coexistence with military bases. It is possible to shape military bases in line with the Okinawan people's future by realigning and reducing them as much as possible."

Regarding the issue of reducing air fares between Okinawa and other parts of Japan, Shiokawa indicated intention to work out concrete measures to reduce air fares on flights departing from and arriving at Naha Airport. He stressed: "We would like to make a decision on our policy regarding air fares on flights to and from Okinawa by the end of August when government ministries and agencies submit requests on allocations from the next fiscal budget. We would like to bring about substantial reductions rather than work out measures that have little effect."

Regarding the issue of converting land to other uses after Futenma Air Station is returned, Shiokawa disclosed intention to make efforts to have research costs included in the supplementary budget to be compiled next fall. He said: "It would be nice if Okinawa had facilities that can be utilized by people from Southeast Asia and ASEAN member countries. It may not be a bad idea to create something that can serve as a basis for globalization."

Asked to comment on the timing of the next general election, Shiokawa stressed the possibility of a Diet dissolution and subsequent general election next fall, saying: "I am spending each passing day with the thought that when September arrives, a general election is inevitable."

Japan: Analyst on Land Acquisition for U.S. Forces
*OW29070 4396 Tokyo SANKEI SHIMBUN
in Japanese 22 Jul 96 Morning Edition p 5*

[Article by Hisahiko Okazaki, former ambassador to Thailand, from the "Seiron" column: "The Issue Involving U.S. Military Bases in Okinawa"]

[FBIS Translated Text]Contracts With 3,000 Landowners Are Due To Expire

At the April Hashimoto-Clinton meeting, they agreed to strengthen Japan-U.S. cooperative arrangements. This is an epoch-making event in a bilateral alliance that was formed about 50 years ago. I believe that if we can maintain and strengthen this line for a long time, safety

and prosperity will be ensured for future generations of Japanese people.

There are two big issues that Japan should resolve to maintain this line. One is the use of the collective self-defense right, and I would like to discuss this matter some other time. In this article, I will discuss the other issue, involving U.S. military bases in Okinawa. However, as there is not enough space to discuss the entire base issue, I would like to take up the expiration of legal permission for the forced lease of land, which is the current urgent issue.

Legal permission for the forced lease of land owned by 3,000 people will expire in May next year, just as the lease of Mr. Shoichi Chibana's land used for Sobe communications station expired this year. In view of the fact that a big turmoil was created by Mr. Chibana's case alone, there is fear that if concerned authorities inappropriately treat 3,000 landowners, a large scale anti-base strife would arise, threatening the future of bilateral relations, which have just gotten back on the right track.

Now, let me explain simply why this matter may threaten bilateral ties.

The Japanese Government is obliged to provide the U.S. forces with necessary land. If it is national land, there is no problem at all. Even if it is private or public land, there will be no problem as long as landowners agree to lease. For example, about 29,000 people, who own 99.8 percent of the concerned private and public land, have signed a lease. The problem is about 3,000 people who own the remaining 0.2 percent of land. About 2,900 of these people are so called "hitotsubo jinushi" ("1-tsubo landowners"). "Hitotsubo jinushi" literally means a landowner of about 3.306 square meters of land. However, in Kadena Air Base, each anti-war landowner possesses only about 0.9 square meters; and at Marine Corps Air Station Futenma, only about 0.3 square meters. Moreover, half of them do not live in Okinawa. Judging from the lesson of the Narita International Airport construction project, it is easy to imagine that to persuade politically motivated anti-war landowners is almost impossible.

Applying the Special Measure Law for U.S. Forces Land [SML] is the only solution to obtaining legal permission for the use of land owned by anti-war owners. However, the process' complexity is beyond imagination.

Application of the Modified Compulsory Purchase of Land Act Is Impossible

The SML is a variation of the Compulsory Purchase of Land Act, and makes the process very complicated.

The land purchase act is designed to expropriate private land permanently for public facilities, such as roads and airfields. Extreme care is required to implement the necessary measures. Therefore, for those who want to interfere in land expropriation, it is possible to do so for 10 or even 30 years. What is necessary for ensuring land lots for U.S. military bases is not "expropriation" but the legal permission to use them, which is valid for several years. It is inappropriate to modify the Compulsory Purchase of Land Act in the first place.

Let me explain this by citing a concrete example.

If landowners refuse negotiations on lease renewal, it is necessary for the government to obtain approvals of concerned government officials, including the prime minister, to apply the SML to ensure land lots for U.S. forces' use. After winning those approvals, the government requests the prefectoral expropriation committee [PEC] to decide the period of use, the amount of compensation, and other details. When making the request, the government is required to submit to the PEC documents containing necessary information, such as areas of concerned land. The documents need to be signed and sealed by landowners. However, if they refuse to do so, municipality government heads will do so by proxy; and if municipality chiefs refuse, the governor will sign on their behalf. If the governor declines, the prime minister orders the governor to sign and seal the documents based on the Local Government Act because there is no other applicable law. If the governor still rejects the order, the prime minister will file a suit, demanding the governor perform his duty. Then, abiding by the court's ruling, the governor, or if he refuses again, the prime minister, will take necessary actions by proxy.

However, even if the court's finding is accepted at last, further actions should be taken by municipality heads to disclose necessary information to local residents. If they decline to do so, the central government will implement exactly the same measures it did when it tried to obtain signatures for documents, and will even file an action before disclosing necessary information.

All of those procedures must be completed before the PEC begins trials. Needless to say, there should be no misstatement about land lots and facilities in documents, and efforts must be made to disclose information to residents. However, it is extremely doubtful whether such a long time should really be spent just to implement those measures even with the assistance of jurisdiction.

Further efforts should be made to revamp other concerned laws. For example, there is no time limit for PEC trials. Regarding expropriation of ordinary land lots based on the Compulsory Purchase of Land Act, if the committee fails to make its decision on acquisi-

tion of land necessary for constructing facilities of vital public interest, such as expressways, within a certain time, the construction minister will make a decision by proxy based on the special law. The Japan-U.S. security alliance is essential to the security and prosperity of Japanese people. It is self-evident that acquisition of land for U.S. forces that is necessary to maintain the bilateral alliance is equally or more significant than construction of expressways in terms of public interest.

Purposely Obtained Private Rights Ought To Be Eliminated

After all, certain revision of the concerned law is needed immediately. In doing so, consideration needs to be given to the fact that in balancing private rights with public interest, most private rights are purposely obtained, and are not worth protecting except for the political purpose. In addition, due consideration must be given to the fact that the present expropriation process can be easily used as a tool for delaying progress from motives that have nothing to do with the purpose of the law.

Japan: NFP Group Offers Help To Solve Okinawa's Base Issues

*OW2707031496 Naha OKINAWA TIMES in Japanese
26 Jul 96 Morning Edition p 3*

[FBIS Translated Text] On the afternoon of 25 July, a four-member New Frontier Party [NFP] delegation, including Yoneo Hirata (a House of Representatives member), visited Okinawa Governor Masahide Ota at the prefectural office. They told the governor that the NFP would actively tackle the issue of consolidating and reducing U.S. bases on Okinawa and help promote the prefecture's economy-boosting plans.

Hirata said: "At one time, Okinawa was under constitutional protection of neither Japan nor the United States. Japan's postwar period will not end unless we deal with Okinawa issues with understanding of the Okinawan residents' hardships." The delegation disclosed that the NFP would study the necessity of stationing the U.S. Marine Corps in the prefecture by closely examining the functions of the U.S. forces in Japan.

Ota welcomed the delegation and told them: "If you see the situation here, you will know that military bases are an obstacle to everyday life." He then noted that as a measure to solve Okinawa's base issues, the central government should take specific actions to realize the prefecture's self-supporting economy.

This is the third time that the NFP delegation has visited the prefecture this month. This time, they inspected an impact area at Camp Hansen.

Japan: Okinawan To Petition UN for Homeland Autonomy

OW2607233996 Tokyo KYODO in English
1956 GMT 26 Jul 96

[By Keiji Hirano]

[FBIS Transcribed Text] Tokyo, July 27 KYODO - Japan's southwesternmost prefecture of Okinawa will have its voice heard in a major international arena next week when an Okinawa native petitions the United Nations to drum up support for awarding the insular prefecture with the right to self-determination.

Yasukatsu Matsushima will speak at a session of a U.N. Commission on Human Rights of Indigenous Populations, which opens in Geneva next Monday, to rally support for his cause.

Okinawa was a sovereign kingdom known as Ryukyu before Japan annexed it. "As an indigenous population in Okinawa, we should have the right to decide the future of the area," says Matsushima, who intends to show up at the session clad in traditional Ryukyu attire.

Matsushima, 33, was born on Ishigaki Island, one of around 160 Okinawa Islands, and is now pursuing a doctorate at Tokyo's Waseda University on a subject particularly close to his heart — economic independence for the Pacific islands, including those in Okinawa.

He grew conscious of his ethnic identity after entering Waseda, where he faced prejudice against his Okinawa parentage and distinctly local dialect, a common experience among Okinawa students in Tokyo.

"I felt distant from 'Yamato' students," Matsushima says, referring to students from mainland Japan.

As he progressed in his research on independence for the Pacific islands, Matsushima developed an interest in reinstatement movements by the Ainu indigenous people of the northernmost main island of Hokkaido.

"When I happened to attend a meeting of Ainu people to discuss the restoration of their civil rights two years ago, I finally recognized Okinawans as indigenous people like them," Matsushima says.

The Ainu population, like Okinawans, experienced invasion by the Japanese central government in the 19th century.

Both the Ainu and Okinawa cultures were deemed savage and primitive, and people were barred from speaking their own languages as part of the government's assimilation policy, Matsushima says.

Many civilians in Okinawa were even killed by the Japanese Army during World War II for speaking their

local language because the action stirred up suspicion of espionage.

Ainu people began speaking up for their ethnicity in 1987 after former Japanese Prime Minister Yasuhiro Nakasone made a controversial remark about Japan being a homogeneous nation.

They lobbied at the U.N. Commission on Human Rights, sending a delegation to Geneva every year.

As a result, the government has recognized Ainu people as an ethnic minority in Japan, the existence of which it was previously denied. It is also working on new legislation for promoting Ainu culture.

The Ainu movement inspired Matsushima to head to Geneva to present Okinawa's case internationally. "We could discuss Okinawa problems...from the viewpoint that we are indigenous people," he says.

One of the most serious problems facing Okinawa is the existence of U.S. military bases, which were forcibly built when Okinawa came under U.S. occupation after Japan lost in World War II.

Local complaints about U.S. bases flared up last September following the rape of a schoolgirl by three U.S. servicemen. Japan and the U.S. set up a joint action committee in November seeking concrete measures to appease the complaints.

The two governments struck an 11-item "interim" agreement in April to reduce U.S. military facilities by around 20 percent. The return of the Futenma airfield is the centerpiece of the accord.

Tokyo and Washington are now working out the details of the cutback, but Matsushima points out the lack of a key party in the bargaining process — the Okinawan people themselves.

"We should be guaranteed participation in negotiations on the withdrawal of U.S. bases," says Matsushima. "We should not be omitted from negotiations on Okinawa's future by the U.S. and Japanese Governments."

U.S. bases occupy 11 percent of the total Okinawa land area, denying local communities the right to pursue economic development and improve their social infrastructure, according to a report Matsushima will file with the U.N.

The Japanese Government made the situation worse when it set up the Okinawa Development Agency in 1972, which stands in the way of Okinawa's autonomous development, Matsushima argues in the report.

"I hope to persuade the government through my activities at the U.N. to recognize Okinawans as indigenous people and guarantee our rights as such," he adds.

Japan: Agreement With U.S. Reached on Production of F-2 Fighter

OW2707235896 Tokyo NIHON KEIZAI SHIMBUN in Japanese 26 Jul 96 Morning Edition p 2

[FBIS Translated Text] The Japanese and U.S. Governments were opposed to each other over the work share for mass production of the Self-Defense Force's next generation support fighter, the F-2. However, Japan gave way to the United States by giving, among other things, a part of the work Japan was planning to be in charge of. It seems that a memorandum (MOU) on mass production of F-2 fighters will be signed as early as 30 July.

A total of 130 F-2 fighters, which Japan and the United States jointly developed, will be produced in 12 years starting in FY96. Regarding each country's work share, it was confirmed in 1989 that Japanese companies would take charge of work that amounts to 60 percent of the total production cost (approximately 1 trillion yen) and 40 percent for U.S. companies. Because of this, the U.S. share would have been about 400 billion yen. Calculations were made by using the 1989 exchange rate of about 130 yen to the dollar and the Japanese Government insisted that the U.S. share would amount to some \$3 billion. However, the United States demanded about \$3.6 billion by using the 110 yen to the dollar rate. This rate is close to the current exchange rate.

According to an agreement reached on 25 July, Japan approved the U.S. share of about \$3.6 billion. At the same time, Japan also agreed to increase the U.S. share by giving the United States a part of wing production, which Japan was scheduled to take charge of.

Japan: Official Says Government Ready To Accept CTBT Final Draft

OW2607115496 Tokyo KYODO in English 1139 GMT 26 Jul 96

[FBIS Transcribed Text] Tokyo, July 26 KYODO — Japan is ready to accept the final draft of a global treaty banning all nuclear tests, a Foreign Ministry official said Friday.

"Although Japan is not fully satisfied with the content of the draft, we take a broader view of the matter to promote an early agreement and are ready to accept it," said Hiroshi Hashimoto, Foreign Ministry director general for public information and cultural affairs.

Principal negotiating countries, including the United States and Russia, have already announced their support for the latest draft of the Comprehensive Test Ban Treaty (CTBT) proposed June 28 by Dutch diplomat Jaap Ramaker, chairman of the Geneva CTBT talks.

The talks will reconvene Monday in Geneva and are expected to adopt the Ramaker draft on Thursday.

On India's refusal to accept the draft, Hashimoto said it is disappointing and Japan wants New Delhi to accept it.

"Japan will work with India (to get the country to accept it) on every possible occasion," he said.

Japan: Hashimoto Hopes Chinese Nuclear Tests To End

OW2907065096 Hong Kong AFP in English 0632 GMT 29 Jul 96

[FBIS Transcribed Text] Tokyo July 29 (AFP) — Japan described China's latest nuclear test Monday as "extremely regrettable" with Prime Minister Ryutaro Hashimoto issuing an emotional appeal for such tests to be halted once and for all.

"I have nothing to say except please make this the last test," Hashimoto was quoted as telling reporters at his official residence shortly after China's official news agency announced the blast.

Cabinet Secretary Seiroku Kajiyama, the official government spokesman, denounced the latest test but also welcomed China's announcement that it would start observing a moratorium on new tests.

"Despite the fact that Japan and the international community has been repeatedly calling for a halt to nuclear tests and that efforts have been made towards concluding a comprehensive test ban treaty, it is extremely regrettable that China conducted a nuclear test today," he said in a statement.

"We hope from the bottom of our hearts that China will respond to an early conclusion of the Comprehensive Test Ban Treaty (CTBT) and make efforts to accelerate nuclear disarmament to achieve a world without nuclear weapons," he said, referring to the CTBT negotiations currently underway in Geneva.

Kajiyama said Foreign Minister Yukihiko Ikeda would lodge a protest against the latest test with China's ambassador to Japan, Xu Duenxin.

Asked by reporters about the latest Chinese test, Hashimoto said earlier he "didn't know at all that it was coming today."

Japan: Kajiyama Terms PRC Nuclear Test 'Deplorable'

OW2907073496 Tokyo KYODO in English
0708 GMT 29 Jul 96

[FBIS Transcribed Text] Tokyo, July 29 KYODO — Japan expressed regret over China's nuclear test Monday in defiance of international opposition and called on Beijing to make efforts toward seeing completion of a global Comprehensive Nuclear Test Ban Treaty (CTBT).

"It is quite deplorable that China conducted a nuclear test today, despite repeated calls from Japan and others from the international community for termination of nuclear testing, and despite the continued energetic efforts of last-minute negotiations at the conference on disarmament in Geneva toward the completion of a CTBT," Chief Cabinet Secretary Seiroku Kajiyama said in a statement.

The statement from the top government spokesman also asked China to make efforts for an early CTBT completion and for realization of a world without nuclear weapons.

Foreign Minister Yukihiko Ikeda formally protested China's nuclear test in a meeting with Chinese Ambassador Xu Dunxin, Foreign Ministry officials said.

Earlier in the day, Prime Minister Ryutaro Hashimoto told reporters at his official residence, "I really hope they terminate (the testing)."

Hashimoto said Japan will take "some measure" but did not elaborate.

China has said it does not want to conduct a nuclear test in August, the month in which the 51st anniversaries of the atomic bombings of Hiroshima and Nagasaki fall, according to the premier.

In protest against China's repeated detonation of nuclear devices, Japan has frozen some of its grant-in-aid to Beijing since May 1995 but has ruled out reviewing yen-dominated loans.

China's XINHUA NEWS AGENCY reported that Beijing conducted Monday its 45th underground nuclear test, the second this year, apparently at its Lop Nor testing site, but said China would abide by a moratorium on testing beginning Tuesday.

After its 44th test June 8, China said it would carry out one more detonation before the expected September completion of a CTBT. Negotiations over such a treaty are reconvening later Monday in Geneva.

Japan: Government 'Will Remove' Taiwan Boats From Disputed Isles

OW2707143196 Tokyo KYODO in English
1329 GMT 27 Jul 96

[FBIS Transcribed Text] Tokyo, July 27 KYODO — Japan will remove Taiwanese fishing boats if they enter Japanese territorial waters to press Taiwan's claim to sovereignty over disputed islands in the east China sea, government sources said Saturday.

Protesting at the recent construction of a lighthouse on one of the isles by a Japanese right-wing group, a fishing cooperative in Taiwan plans to send more than 100 boats there next week.

The uninhabited islands, located some 200 kilometers northeast of Taiwan proper and 160 km north of Japan's Yaeyama islands, have been claimed by Japan, Taiwan and China.

They are known as Senkaku islands in Japan, Tiaoyutai isles in Taiwan and Diaoyu isles in China.

The sources said Japan would have to force the ships out of Japanese waters in accordance with domestic law by sending maritime safety agency patrol boats and aircraft, if necessary.

The United States, which controlled the isles after World War II, transferred them to Japanese sovereignty in 1972 together with Okinawa islands despite the territorial claims of China and Taiwan.

The protest has been planned by a fishing cooperative in Suao district in Ilan county, northeastern Taiwan.

An employee of the municipal government on Japan's Ishigaki island near the disputed isles said he feels close to the Taiwanese district because many people evacuated from Ishigaki to the district during World War II.

"I am worried that the territorial dispute may harm the friendship between Ishigaki and Suao and may also affect Japanese fishing operations," he said.

Japan: War of Nerves With Taiwan Noted Over Senkaku Islands

OW2907134596 Naha RYUKYU SHIMPO
in Japanese 28 Jul 96 Morning Edition p 4

[FBIS Translated Text] In the wake of a Japanese political group's recent construction of a lighthouse on the Senkaku Islands, Taiwan fishermen plan to take actions of demanding the withdrawal of the lighthouse. Given the situation, the Japanese Government has unofficially asked the Taiwan side to suspend the

planned actions through the "Exchange Association of Japan," the nongovernmental contact office. The Ministry of Foreign Affairs (MOFA) observes that, taking advantage of this, the Taiwan side "shrewdly intends" to create a precedent of virtual diplomatic negotiations with Japan, with which Taiwan has no diplomatic relations, (as stated by a source on diplomatic affairs). An "unexpected war of nerves" will likely continue, (as stated by a MOFA source).

If Taiwan fishing boats violate Japanese territorial waters, Japan has no choice but to check their moves by dispatching patrol or other boats of the Maritime Safety Agency. There is a strong possibility that this will turn into a major issue. The Japanese Government has recently announced the exclusive economic zone, which includes the Senkaku Islands, with the UN Convention on the Law of the Sea coming into effect. Since Japan has the pending dispute with South Korea over the Takeshima Islands, the Japanese Government is concerned that the Senkaku Islands issue will affect the territorial issues as a whole.

Japan: Ikeda Returns From Tour of Three Asian Nations

*OW2907012296 Tokyo KYODO in English
0024 GMT 29 Jul 96*

[FBIS Transcribed Text] Tokyo, July 29 KYODO — Foreign Minister Yukihiko Ikeda returned to Tokyo on Monday morning from a nine-day official trip to Indonesia, Singapore and Vietnam.

In Jakarta, he attended a meeting on Asia-Pacific security and a gathering of foreign ministers from the Association of Southeast Asian Nations (ASEAN) and its major trading partners.

He also held a series of intensive talks with his counterparts from many countries, including the United States, South Korea, China and Russia, who were in Jakarta for a ministerial meeting of ASEAN and its dialogue partners.

In Singapore, Ikeda conferred with Foreign Minister S. Jayakumar, Prime Minister Goh Chok Tong and Senior Minister Lee Kuan Yew.

He also visited Hanoi, becoming the first Japanese foreign minister to visit Vietnam in five years.

During his stay there, he met Foreign Minister Nguyen Manh Cam, as well as the Vietnamese Communist Party's top three leaders — General Secretary Do Muoi, President Le Duc Anh and Prime Minister Vo Van Kiet.

Japan: Ikeda Seeks Multilateral Cooperation To Fight Terrorism

*OW2707135796 Tokyo KYODO in English
1256 GMT 27 Jul 96*

[FBIS Transcribed Text] Hanoi, July 27 KYODO — Japanese Foreign Minister Yukihiko Ikeda emphasized Saturday his country will cooperate closely with other countries in fighting terrorism in the wake of a bombing at the centennial Olympic park in Atlanta.

"We will join forces with other countries to prevent the consequences affecting the lives of many people," Ikeda told reporters upon hearing news of the Atlanta bombing which killed two people and injured 110 others.

At a ministerial meeting on antiterrorism measures in Paris on Tuesday, Japan will call for joint efforts with other participating countries, he said.

Ikeda is currently in Hanoi on the third and final leg of his nine-day official tour of three southeast Asian nations.

Japan: Foreign Minister Departs for Antiterrorism Meeting in Paris

*OW2907121996 Tokyo KYODO in English
1158 GMT 29 Jul 96*

[FBIS Transcribed Text] Tokyo, July 29 KYODO — Foreign Minister Yukihiko Ikeda left for Paris on Monday to attend a ministerial meeting Tuesday of the Group of Seven industrialized nations and Russia on antiterrorism.

Ikeda is accompanied by Home Affairs Minister Hiroyuki Kurota, also head of the National Public Safety Commission.

Ikeda had just returned earlier in the day from a nine-day official trip to Indonesia, Singapore and Vietnam.

He will return from Paris on Friday.

Japan: Doubts Raised About Overseas Aid Integration Plan

*OW2607234096 Tokyo KYODO in English
1939 GMT 26 Jul 96*

[By Natsumi Mizumoto]

[FBIS Transcribed Text] Tokyo, July 27 KYODO — Many officials in charge of Japan's overseas aid are questioning the government's plan to integrate some of the main entities involved as part of administrative streamlining.

The government in March 1995 formalized a plan to integrate the Overseas Economic Cooperation Fund

(OECAF) and the Export-Import Bank of Japan in four years.

The ideas and the purposes of the two entities located at the same building, however, "are something like oil and water — they can never be mixed," said Osamu Murata, an OECAF official.

The OECAF is a prosecutor of development projects in developing nations under Japan's Official Development Assistance (ODA) program, whereas the Ex-Im Bank focuses primarily on financing Japanese companies' overseas projects.

Also under the government streamlining scheme, the Institute of Developing Economies (IDE) will be merged with the Japan External Trade Organization (JETRO) in 1997 or 1998.

"Neither of us wanted nor asked for a merger with one another, as we are two different entities having different characters and histories of more than 30 years," said Kunio Igusa, an IDE spokesman.

While the IDE is an independent research agency to study developing countries from a local point of view, JETRO, in charge of trade promotion for Japanese corporations, is "more business-oriented in character," JETRO spokesman Noboru Inamoto said.

Although IDE officials say objectivity in their research will not be lost because of the planned merger, analysts say their activities may be influenced so as to reflect the interests of business corporations involved.

In 1975, a clear line was drawn for division of tasks between the OECAF and the Ex-Im Bank in line with a recommendation put forward by a global aid organ, the Development Assistance Committee (DAC) of the Organization for Economic Cooperation and Development (OECD).

The division of work, intended to separate ODA-related projects from other external loans, has been adopted by other industrialized countries, too.

Since then, the OECAF has become exclusively engaged in financing of social infrastructure improvement projects in developing countries under the ODA program, while other external loans for particular businesses have been reserved for the Ex-Im Bank.

Hiroshi Yoshida, director at the Ex-Im Bank's Planning and Coordination Division, said he is worried that the merger may lead the global community to think that Japan is mixing two different things.

Yoshida, a member of a task force for the planned merger, has studied aid policies in the Group of Seven (G-7) industrialized countries.

He says G-7 countries other than Japan place weight on increasing the ratio of grant elements in terms of overall external assistance.

"Japan is moving against the global tide," he said.

The idea of integrating government-sponsored lending agencies emerged as part of administrative and financial streamlining promised by the tripartite coalition government.

But officials at lending agencies were not convinced of the cause even from the beginning.

When the government decided to merge the OECAF and the Ex-Im Bank, then Finance Minister Masayoshi Takemura acknowledged that the merger may not produce the intended result of cutting government spending.

"What made us confused at the time of decision was that it was made with no discussion whatsoever of the principles or prospects of Japan's overseas cooperation," Yoshida said.

Analysts say administrative sectionalism lies behind the plan to integrate apparently incompatible entities.

They say the OECAF, which is under the jurisdiction of the Economic Planning Agency, for example, will never be merged with the Foreign Ministry-supervised Japan International Cooperation Agency (JICA), although both organs serve as overseas aid agencies and would be more suitable for joining together.

Japan: Economic Recovery Feeble Without Major Structural Reform

962A0052A Tokyo *TOYO KEIZAI* in Japanese
23 Mar 96 p 32

[Article by Masaru Takagi, chief researcher at Fuji Research Institute: "Economic Recovery Will Again Be Feeble, Brief; Drastic Structural Reform Indispensable for Real Recovery"]

[FBIS Translated Text]

The economy, which bottomed out sometime at the end of last year or the beginning of this year, is now moving toward a gentle recovery. The mining and manufacturing production has registered successive month-to-month gains over the past four months, and housing starts and machinery orders are clearly on the rise. Economic indicators such as corporate earnings and business confidence have also improved. In its monthly economic report for February, the government declared the economy to be in recovery — a view widely shared by observers in the private sector.

Faith in "Sacred Treasures" Premature

Our concern is that the strength of the recovery may already be weakening. Is the economy moving toward a true recovery? Or is the economy in the short-term headed back into recession after a mild recovery?

A typical optimist holds the view that an intermediate-term recovery has begun with the "three new sacred treasures." The three new sacred treasures are personal computers, cellular phones, and car navigation systems. These will play a primary role in a new period of economic recovery and the expansion will continue for about 30 months.

Production and domestic shipments of personal computers and cellular phones are indeed strong, but for the economy as a whole, one should not emphasize only the aspects that are strong. This forecast may be a case of not seeing the forest for the trees.

According to "machinery" statistics compiled by MITI [Ministry of International Trade and Industry], 6.43 million personal computers worth 1.48 trillion yen were produced in 1995. An estimated 9.56 million cellular phones worth 440 billion yen, and 500,000 car navigation systems worth 50 billion yen were produced over the same period.

Production of these three products, worth a combined 2 trillion yen, comprised a mere 0.4 percent of GDP for 1995. Since they do not yet amount to 1 percent of GDP, calling them the "three new sacred treasures" may be premature. Even if production of these "treasures" were to rise by 50 percent this year, the effect of this production increase on the economy as a whole would be a mere 0.2 percent.

In addition, the American Semiconductor Manufacturers Association forecasts that the BB (semiconductor shipment-to-new order) ratio will drop to 1.0 this year for the first time in five years. Some experts have expressed concern over a possible global recession in the semiconductor market. Sales of personal computers in the United States are already soft, and there is concern that this may have an effect on Japan.

I personally have many causes for concern, and I find it difficult to be optimistic about the near-term prospects for recovery. While the weak recovery may continue throughout the first half of FY96, I am skeptical about the second half.

Potential for Recovery Slight

My first cause for concern is the economic slowdown in the United States and Europe. The economic expansion in the United States, which began in April 1991, has entered its 60th month. It has already reached a matura-

stage and, even though there is some growth potential left, its strength is certainly declining.

Income and employment figures are stagnant and consumer demand will probably begin to soften due to mounting consumer debt. Current attempts to curtail government expenditures will also have a negative effect on the economy. The real growth rate fell from 3.5 percent in 1994 to 2.1 percent in 1995 and will at best be in the 1.0 percent range in 1996.

In Europe, the German, and French economies are already in recession. Both economies are experiencing negative growth rates and unemployment in both countries is rising again. The British economy also appears to be headed for a slowdown.

The economic slowdowns and recessions in the United States and Europe are bound to have a negative effect on Japanese economy. In today's borderless global economy, the rapid economic deceleration in the United States and Europe cannot be discounted.

My second cause for concern is the strengthening yen. The yen/dollar exchange rate has been hovering around the 100 level and most believe that the yen will remain weak for a long time. The government, corporations, individuals and even the mass media have been lulled into a sense of complacency over the exchange rate.

The exchange rate, however, is unpredictable. In the past it has made 180-degree turns in the span of a week. While it may appear that the rate will remain around 100 yen to the dollar, there is always the possibility that it will strengthen in the second half of the year.

A presidential election is fast approaching in the United States and reducing the current account deficit has not been easy. In order to secure re-election, President Clinton may be receptive to any and all demands from U.S. manufacturers. Already, the U.S. automobile manufacturers are putting pressure on him to weaken the value of the dollar.

In Europe, the deadline for monetary union is fast approaching but few now believe it will actually occur. This cynicism may cause investors to sell off other European currencies in favor of the Deutchmark. If this occurs, the yen will almost certainly strengthen against most major European currencies.

While Japan's current account surplus will clearly continue to decline, this alone may not be enough to prevent a global trend toward a weaker dollar. The dollar may fall to the 90-yen range in the latter half of the year. If the yen once again begins to strengthen, deflationary pressures in the Japanese economy may weaken the recovery.

My third cause for concern is a rise in imports. While the Japanese economy as a whole has experienced no growth, imports have continued to rise. In the second quarter of FY95 (July-September), imports totaled 15.2 percent of all mining and manufacturing industry and 13.9 percent of final demand goods. Imports continue to take market share away from domestic products.

In 1995 domestic shipments of color television sets rose 14.5 percent over the previous year to 9.58 million units, a new record.

However, domestic production of color television sets fell 16.4 percent while imports rose 27.6 percent. While consumer demand actually rose, it was absorbed by imports and so did not lead to an increase in the domestic growth rate. Imports of manufactured goods, primarily from other East Asian economies, will almost certainly continue to rise.

My fourth cause for concern is the restructuring of the economy and stagnation in employment. The restructuring of the economy is still only half complete. For this reason, spring wage increases this year will be limited to 2.5 or 2.6 percent and unemployment will probably rise. With the employment picture worsening, personal consumption is unlikely to increase.

My fifth cause for concern is the continuing freefall in real estate prices following the collapse of the speculative bubble. The continuing asset deflation will make it difficult for financial institutions to liquidate bad assets.

Lately, some observers are of opinion that there is no direct connection between the bad asset problem and the real economy. However, the financial industry and the real economy are like the wheels on a cart. If one tire is punctured, the cart cannot be moved forward. The bad asset problem at financial institutions has had an adverse psychological effect on the economy as a whole as stock prices and bank loans have stagnated.

Brief, Anemic Recovery

For these reasons, I believe that the situation does not allow for optimism for the second half of the year. While a mild recovery will continue throughout the first half of the year, the 14 trillion yen economic stimulus package supporting the recovery will run out sometime this summer.

The government insists that this public spending has sparked additional private spending and added to the overall growth rate by augmenting a natural rise in personal consumption and private capital investment. But this is highly improbable.

Personal consumption has been flat for a long time, and private capital investment has been hampered by 1) the recession in the construction industry, 2) asset deflation, 3) the shift to off-shore production, and 4) reluctance on the part of small and medium-sized companies to invest. The situation is not ripe for investment.

A rate increase in the consumption tax is slated for April 1997 and 2 trillion yen in special tax cuts are also expected to be abolished in 1997. The 6..5-7 trillion tax hike resulting from these changes will almost certainly have a larger-than-expected deflationary effect on the economy.

Therefore, the current recovery will probably reach an impasse in the second half of the fiscal year. At best, the recovery will last into the 4th quarter (January-March 1997). As a result, the recovery will more than likely last only a year and produce a real annual growth rate of about 1.5 percent for 1996.

Now Is Time for Real Structural Reform

The present year will witness the return of the "brief, feeble recovery." While the economic stimulus package temporarily improved the economy, it has failed to shake the economy out of its slump. Macroeconomic policy alone is not enough to revive the Japanese economy.

Unless the structure of the economy is fundamentally reformed, economic recovery will remain a pipe dream and we will grow increasingly unable to compete with the United States and the rest of the Asian countries.

The direction of structural reform has already been indicated. First, there must be thoroughgoing economic deregulation, encouragement of competition, and cultivation of new start-up businesses. Second, there must be more investment in research and development, and industrial structure must become more high-tech and value-added. The tax structure must be thoroughly overhauled to restore vitality to the economy as a whole. Third, there has to be greater incentives to buy and sell real estate so that financial institutions can swiftly and decisively write-off bad assets.

The problem is that we may continue to pay lip service to the idea of reform with few if any actual results to show for it. If the government, corporations, and financial institutions were to concentrate all of their efforts on reform, then all of the uncertainty surrounding the future of our economy would disappear.

Japan: Discord Noted Between LDP, SDP Over Defense Budget

OW2707024096 Tokyo ASAHI SHIMBUN in Japanese 25 Jul 96 Morning Edition p 2

[FBIS Translated Text] Discord between the ruling parties has become apparent over the defense expenditures issue, which will be one of the focal points of the budget ceiling for FY97. The Liberal Democratic Party [LDP] is assuming a stand of supporting, in principle, the 4.5-percent increase that the Defense Agency [DA] proposed. However, the Social Democratic Party [SDP] and New Party Sakigake are calling for a major reduction because of tight fiscal conditions and other reasons. Moreover, while keeping an eye on the next general elections, the SDP and Sakigake are aiming to stress that their "military reduction" policy is different from the LDP's. It seems that the ruling parties need more time for coordination.

Regarding the budget ceiling, the DA submitted to the ruling parties a 220 billion-yen budget demand — 70 billion yen for personnel and food expenses; 120 billion yen for annual payments for the purchase of airborne warning and control systems (AWACS) and other equipment; and 30 billion yen for general supplies, including training expenses and expenditures needed for measures to deal with bases issues. This is a 4.5-percent increase from the DA's budget demand for the previous fiscal year.

On 24 July, the three ruling parties held a defense coordination meeting and discussed how to handle the DA's budget demand. The LDP insisted on saying: "We want to make sure that training and other expenses will be secured. We will accept the 4.5-percent increase." The LDP Executive Council is also sympathetic with the DA, saying that "many expenses automatically increase and the DA cannot help it" (according to Taku Yamasaki, chairman of the LDP Policy Research Council).

Opposed to this, the SDP is saying, among other things: "They do not need a 4.5-percent increase. The increase rate can be reduced to zero percent if they cancel the AWACS purchase and stop hiring Self-Defense personnel for three years" (said Shun Oide).

At the 24 July news conference, SDP Secretary General Kanju Saito stressed that "we should rectify the defense budget and the stiff structure because we decided to make FY97 the first year of the three ruling parties' financial and structural reform." Some SDP members are saying that "we cannot compete in the general elections if we approve the 5-percent consumption tax hike and meet the LDP halfway over the defense expenses" (according to a senior SDP official).

On the expenses needed for reorganization and reduction of U.S. military bases on Okinawa, the LDP and Sakigake are saying that a budget should be earmarked separately from the defense-related expenses. But the SDP insists that "the total amount of defense expenditures have not yet been added up so that we just cannot approve a special budget." So far, they have been unable to agree on terms.

Japan: Ozawa Predicts General Election 'Anytime' After Sep

OW2707141796 Tokyo KYODO in English 1233 GMT 27 Jul 96

[FBIS Transcribed Text] Kitakami, Japan, July 27 KYODO — Ichiro Ozawa said Saturday that the largest opposition party Shinshinto (New Frontier Party) is preparing for the next general election, which may come anytime after September.

Speaking at a gathering in Kitakami in his native Iwate prefecture in northeastern Japan, Shinshinto leader Ozawa said his party will complete preparations for a lower house election "within September."

Ozawa's comment suggests that the powerful house of representatives may be dissolved as early as October at the outset of an extraordinary Diet session.

Koichi Kato, secretary general of the ruling liberal democratic party, said in New York on Thursday the next election for the house of representatives might be held by the end of this year.

The chances of the lower house being dissolved and a general election being held in January and February are becoming slim, said Kato of the LDP, the dominant force in the tripartite ruling coalition.

Japan: Sakigake Leader Sees Next General Election at Year-End

OW2707145896 Tokyo KYODO in English 1433 GMT 27 Jul 96

[FBIS Transcribed Text] Otsu, Japan, July 27 KYODO — New Party Sakigake Leader Masayoshi Takemura predicted Saturday that the next election for the House of Representatives will be held sometime between the end of this year and early next year.

"I am positive that the House of Representatives will be dissolved and the next general election will be held sometime between the end of this year and early next year," Takemura said in a speech at a gathering in Nagahama in his native Shiga prefecture in western Japan.

Sakigake is the smallest bloc in the ruling coalition, which also includes the Liberal Democratic Party and Social Democratic Party.

Shusei Tanaka, head of the Economic Planning Agency and a member of Sakigake, accompanied Takemura on his lecture tour.

At a gathering in Omihachiman in the same prefecture, held later in the day, Tanaka said both Japanese economic and administrative structures need to be reformed.

"We have to fight the next general election by promising the public what kind of restructuring measures we would take if elected to form a government," he said.

Japan: Impacts of LDP Kato's Remark on Tieup With Sakigake

*OW2707025296 Tokyo YOMIURI SHIMBUN
in Japanese 25 Jul 96 Morning Edition p 3*

[FBIS Translated Text] In his 23 July (24 July Japan Standard Time) speech in New York, Koichi Kato, Liberal Democratic Party [LDP] secretary general who is visiting the United States, indicated his interest in joining hands with a new party likely to be formed by Yukio Hatoyama, New Party Sakigake secretary general, after the upcoming House of Representatives elections. This remark created a stir in political circles. Since former Prime Minister Yasuhiro Nakasone had just stated that the LDP should make efforts to establish a stable administration with the conservative-conservative alliance [ho-ho rengo] while focusing on policies, Kato's remark resulted in clarifying again two opposing lines within the LDP. The idea of forming "Hatoyama's new party," which will be influenced by the timing of the House of Representatives dissolution, will be actualized in the future. It is likely that the idea will give various influences to not only the LDP's but also to other parties' moves to reorganize the political world.

In response to Kato's remark, Hatoyama told reporters on 24 July that: "Mr. Kato emphatically told me that a new party should be formed. I assume he meant the LDP will cooperate with us after the new party is formed." Hatoyama, who is planning to form the new party before the upcoming election, hopes "to hold consultations to come into power with the LDP after the new party formation, but has no intention of sharing power with the New Frontier Party [NFP]" (as stated by a senior Sakigake member). This indicates that Hatoyama is getting along with Kato.

However, with the background of generations of alternation within the LDP, there remains opposition to Kato's intention to maintain the LDP, Social Demo-

cratic Party [SDP], and Sakigake coalition. Some LDP members take a cautious attitude toward the issue, noting that "the new party may become a threat to us in the upcoming election" (as stated by a young Diet member).

Meanwhile, a discrepancy between Sakigake members on the formation of the new party has come to the forefront. While Hatoyama sticks to joining hands with Hajime Funada of the NFP, who is a former director general of the Economic Planning Agency, Masayoshi Takemura, party president, hopes to form the new party with Sakigake's leadership. Moreover, Vice President Shusei Tanaka said: "What the voters have demanded in recent years is not a plan to form a new party but a plan to win power." It has been controversial among Sakigake members on how to determine what form the new party should take.

On 24 July, in response to Kato's remark, SDP Chairman Tomiichi Murayama told his close associates: "What on earth is the purpose of Hatoyama's new party.... I wonder if Hatoyama really can form the party." As Murayama pointed out, the shape of the new party has hardly appeared yet.

Japan: Kato Criticized for Remarks Hinting at House Dissolution

*OW2907121596 Tokyo NIHON KEIZAI SHIMBUN
in Japanese 27 Jul 96 Evening Edition p 2*

[FBIS Translated Text] On the evening of 26 July, Prime Minister Ryutaro Hashimoto expressed displeasure over Liberal Democratic Party Secretary General Koichi Kato's remarks hinting that the House of Representatives might be dissolved within the year for a general election. Hashimoto said: "His senses must have become dull during his trip to the United States. Since when has the secretary general had the right to dissolve the house? He must have gotten himself mixed up with somebody else."

On the same evening, Chief Cabinet Secretary Seiroku Kajiyama told reporters: "The right to dissolve the house for a general election resides with the prime minister. How he analyzes and sees the situation and what decision he will make are all in his mind. It is not the time for others to say something to him. Also, it is not the issue they should worry about." A top government official also severely criticized Kato, saying: "He is talkative. But there are things that he can and cannot talk about."

Japan: Article Discusses NFP's 'Imminent' Breakup
OW2907064396 Tokyo BUNGEI SHUNJU
in Japanese Aug 96 pp 224-228

[Article by political commentator Taro Akasaka: "Countdown for the Breakup of the New Frontier Party"]

[FBIS Translated Text] Everybody followed the progress of the meeting with intense interest.

The chief executives of the New Frontier Party [NFP] got together in the room of a Japanese restaurant, "Yamasato," at Hotel Okura.

They were NFP leader Ichiro Ozawa and former prime ministers Morihiro Hosokawa and Tsutomu Hata. They were longer on speaking terms with each other, so the meeting took the form of a dinner hosted by Taro Yayama, a political commentator, with whom they had close ties.

The meeting was held on 20 June, the day following the end of the ordinary session of the Diet.

"Is the NFP going to break up?" "Is there going to be a change in the key NFP officials?" Such questions had already charged the atmosphere. This was the "coup d'état" theory.

While Ichiro Ozawa was on a visit to Europe, the rumor circulated that a plot to deprive him of his position had succeeded. It was said that Hosokawa and Hata were going to unite to form a "Hosokawa-Hata party" and that they were going to leave the NFP. It was also said that the NFP's three key officials, including Secretary General Takashi Yonezawa and others, were going to be changed and that Secretary General Takashi Yonezawa was going to be replaced by "Tsutomu Hata."

The source of these rumors was said to be Hiroshi Kumagaya, a schemer. On the other hand, another rumor circulating said that "upon his return from Europe, Ozawa will reign as party leader." The rumor was said to have been circulated by Sadao Hirano [an upper house member], a close aid to Ozawa.

As a matter of fact, young members had been clamoring for a change of secretary general.

In such circumstances, it was inevitable the NFP faced a violent shock.

It has long been the case that Ichiro Ozawa has been criticized: "He will listen to nobody." "He is selfish. His management by brain trust is too excessive." The abusive language can appall those who hear it.

When the NFP's jusen Diet strategy ended in a dismal failure, and when Ozawa came to talk about a

"conservative-conservative alliance," even young members, who had been too scared to talk to Ozawa, began to speak out against him.

The NFP has tried to realize "political reform" through the introduction of the single-seat constituency system with proportional representation, which is to be initiated for the first time in the history of constitutional government. However, it will go beyond a joke if, instead of realizing its objective, the NFP breaks up due to an ugly internal dispute that puts even the Liberal Democratic Party [LDP] in the shade.

The chief executives' meeting of the NFP lasted for nearly four hours. An air of tension pervaded the room, with Yayama talking to the three men as if he was an intermediary. It is said he was afraid that one of them might just stalk out of the room. However, they finally got around to the main question when the "sake" was served and after Hata had had a rest and a cup of oolong tea.

[Ozawa] "I would like to carry out reform, going back to the starting point of the very spirit underlying the formation of our party. In the current circumstances it is impossible to realize reform. I would like to have your cooperation."

He listed "tax reform," "administrative reform," "Diet reform," and others. Ozawa emphasized his passion for "reform" and requested the cooperation of the other two influential men.

[Hosokawa] "I have come to think that it is impossible for our party to implement these reforms. However, are you serious about the reforms, Mr. Ozawa? How about you, Mr. Hata?"

[Hata] "I am serious about them."

[Hosokawa] "If both of you vow to carry out the reforms, even if all the others leave us, I will implement them."

[Hata] "As to the reforms, I have the same opinion as you two."

We will not be able to raise other topics for discussion if the NFP starts to talk about "reform," which can be called its main political cause.

Hosokawa's scenario to avoid a "head-on conflict" is faintly seen through this move.

Although the meeting continued for a long time, it ended without touching on the urgent problem of "personnel matters." The democratic management of the party, which the young members had called for, disappeared somewhere. However, there was no immediate

"breakup" of the party, nor was their discord resolved. The meeting ended up postponing everything.

Only Hata Was Not Privy to the Scheme

Tsutomu Hata, who took the firmest attitude and who placed his hope on the personnel matters, seems to have been puzzled by the turn of events.

At the next day's general meeting of Koshikai, a pro-Hata group, Hata toned down his stance at once by saying, "If the party executive organ tackles the reforms with all its might, I will support the organ with all my might."

The young members deepened their dissatisfaction. Hajime Punada did not try to hide his obvious displeasure. Hosokawa had gone golfing that day.

Hosokawa and Tsutomu Hata, who joined forces to oppose Ozawa, can be regarded after all as "bitter enemies placed by fate in the same boat."

Hosokawa has no intention of breaking up the NFP.

Hata, who is a matchlessly good-natured person, does not exhibit such a severe judgment. He seriously thinks he will be welcomed everywhere.

Although Hata is on hostile terms with former Prime Minister Takeshita after his breakup of the Takeshita faction, Keiseikai, he calls at Takeshita's residence at Awashima as if nothing had happened, which shocked even Noboru Takeshita, who is a very tolerant person.

Hata has not even a dim understanding of what a power struggle is.

Having such a character, Hata seems to have really thought that he could drive Ichiro Ozawa into a corner in league with Hosokawa. He seems to have guessed that even if he could not oust Ozawa from his post, he could gain the positions of the three key party officials.

However, before this tripartite conference, Hosokawa knew that Ichiro Ozawa had not the slightest intention of stepping down or replacing the three key officials.

Therefore, it is said that Hosokawa chose a compromise.

Hosokawa judged that if Ozawa brought forward the collective self-defense right problem, he could not effect a compromise; therefore, it is said that he asked Ozawa not to bring it forward. In addition, he restrained Ozawa by saying, "You had better not tackle the collective self-defense right problem too impetuously. We have a common goal, after all."

To Ozawa, the NFP's breakup now will cost him dearly. He must fight till the general election, with the "two great political parties" as they are. Therefore, he agreed

to the "whole party in harmonious cooperation" through "reform."

While in London, Ozawa was in great distress, saying, "Although I am persistently urged to meet Hosokawa, somehow I cannot trust him." However, he judged that if he could isolate "Tsutomu Hata," the chief instigator, the rebellion within the party would subside; therefore, he agreed to attend the tripartite meeting.

There is accurate information that these two people had met secretly the previous day.

The long and short of it is that it was only Hata who was "not privy to the scheme" from the beginning.

It is said that upon returning to Japan, Ichiro Ozawa seized the initiative by giving 5 million yen to each party member as "refreshments" to prevent the dissatisfaction within the party from reaching the highest point.

However, the situation surrounding Ichiro Ozawa is severe.

It is said that strong-willed man as he is, Ozawa grumbled his complaints to his aides, "After all, Hashimoto knows nothing about security or diplomacy."

Ozawa used nothing but abusive language against Hashimoto, which showed unquestionably that his strategy had come to a standstill.

When Shin Kanemaru died on 28 March, there was a strong indication of a conservative-conservative alliance. This was triggered by moves that took place immediately before an imminent armed conflict between the PRC and Taiwan. There was a time when the tears shed by Ozawa at Kanemaru's deathbed seemed to melt a thick, cold wall that stood between him and his enemies.

When Noboru Takeshita and Ichiro Ozawa drank together at Diaoyutai Guest House during their visits to Beijing, it looked as if the former Keiseikai was going to revive.

However, this honeymoon did not last long.

There was a whirlpool of dissatisfaction within the NFP. It is outrageous for the NFP to voluntarily offer its cooperation to the Liberal Democratic Party [LDP], even if it is for the sake of the Japan-U.S. relationship. This is tantamount to the NFP's surrender to the LDP without a fight before the upcoming general election.

Meanwhile, Takeshita became angry because Ozawa "criticized Takeshita" in his book. With a peculiar expression on his face — as if grinding his back teeth — Takeshita confided, "That is a criticism against my personality."

Thus, the tendency toward a "conservative-conservative alliance" came to an abrupt end. The fact that the PRC-Taiwan relationship did not become serious played a role in ending this tendency.

However, an imminent "breakup" of the NFP assumes a serious aspect.

Survival Wars in Nagata-cho

It was around the beginning of the rainy season that Kikuo Nakajima, secretary general of Soka Gakkai's Ibaragi Prefecture chapter, summoned Nobumitsu Tsukada, a NFP member, and gave him a notice: "We have thoroughly examined your case, but we are sorry to say that we cannot support you in the upcoming general election."

Tsukada, who is a former Democratic Socialist Party [DSP] member, was rejected by Soka Gakkai through its "support by selection system."

Soka Gakkai has expressed its support for about 160 out of NFP's 228 official candidates, so there are many candidates who were given the same notice.

Shaken by the amendment to the Religious Corporation Act as well as the summons of Honorary Chairman Daisaku Ikeda, Soka Gakkai, which is said to decide the fate of the single-seat constituency system, is gradually weakening its support for the NFP.

In the election of the Kyoto mayor, Soka Gakkai supported a candidate with the support of more than one political party, and in the election of the Kurashiki mayor, Soka Gakkai supported a candidate with the support of the LDP, and both men won the election.

Soka Gakkai does not go so far as to change its support for the NFP in the general election, but it has decided to distance itself from the NFP by setting up a "support by selection system."

Soka Gakkai explains that "recommendation is decided on the basis of the position a candidate has taken in relation to the Religious Corporation Act amendment." Winning the election in the single-seat constituency system, which is severe as it is, is impossible if a candidate is forsaken by Soka Gakkai, which is his prop and stay.

It is said that this "support by selection system" is classified into three ranks: first-class candidates who are supported by Soka Gakkai as a body, second-class candidates whose activities have been conducive to Soka Gakkai, and third-class candidates for whom Soka Gakkai members are asked to vote.

Only former Komeito members can be first-class candidates, and they will receive 100 percent of Soka Gakkai's support.

Second-class candidates are those who have made every effort for the sake of Soka Gakkai, and it seems that Ichiro Ozawa and others fall under this category. These candidates will receive not more than 50 percent of Soka Gakkai's support.

According to an election specialist who has long observed Soka Gakkai activities, third-class candidates will receive 20-30 percent of Soka Gakkai's support.

Nevertheless, those candidates who receive support from Soka Gakkai are rather better off.

The condition of the former DSP, which once fought against Komeito, is said to be serious. Former DSP members have made a firm resolve to leave the NFP and fight the general election on the side of a "tripolar" party.

The reason that Secretary General Takashi Yonezawa is under increasing pressure from below is that the "Yuaikai," which cannot remain indifferent to the distress of its comrades, former DSP members, has rapidly come close to the so-called "Hatoyama new party." "What is the use of having comrades if we cannot help them," according to Yuaikai leaders.

However, the so-called "Hatoyama new party" is taking a sinuous course.

On the night of 18 June, two days before the NFP's top-level meeting, New Party Sakigake Secretary General Yukio Hatoyama, who now gives an impression of being a pioneer of political realignment, and his brother Kunio Hatoyama, an NFP member, as well as Hajime Punada; Naoto Kan, health and welfare minister; Banri Kaieda, Citizens' League representative; and Akihiro Ohata, a Social Democratic Party [SDP] member, secretly gathered at Capital Tokyo Hotel.

The 9 PM meeting gave an impression of being secret. However, an important man, Hajime Punada, stayed only for a short time. In addition, quite different from the time when Punada said, "Call it a Hato-Puna new party," he kept assuming a cautious attitude. Therefore, a "display of fireworks" fell through.

Nevertheless, great hopes are entertained of a "Hatoyama new party."

The Hatoyama family has inherited a colossal fortune from Shojiro Ishibashi, who founded Bridgestone Corporation.

It is said that Yasuko [mother of the Hatoyama brothers], who is the oldest daughter of Shojiro Ishibashi and

who married Ichiro Hatoyama, confided, "I will make 5 billion yen ready for you at once."

It is said that when Morihiro Hosokawa formed the Japan New Party and caused an enormous sensation throughout Japan, it cost him 2 billion yen to start it. It is said that a debt of 800 million yen remained afterward.

Although Hatoyama has declared openly that he will conduct the "affairs of state with less money," nobody will follow him if he has no money, setting aside his feelings.

It is generally said that it costs 100 million yen a person to form a new political party. Therefore, "5 billion yen" conveys the idea that a "new party will consist of about 50 people."

Recently, private research companies are receiving an increasing number of requests for information about the Hatoyama family's assets.

It is said that there are stockholders in Kabuto-cho who are focusing their attention on Bridgestone stock, saying, "A large number of Bridgestone stocks will be offered for sale, so they will fall."

There seems to be people who have promptly offered their cooperation to Hatoyama by saying, "We will satisfy you and your brother's honor by all means."

Can the Hatoyama bothers become players who can revive Nagata-cho, which is in a state of being blocked? Or will they commit the same error as Aichiyo Fujiiyama, who was urged to become a candidate for the next prime minister, but who became quite penniless in the end?

Meanwhile, the SDP, which failed to form a new political party, and furthermore was rejected a "free ride" on a "Hatoyama new party," is in a state of apparent death, according to LDP leaders.

Only former Hokkaido Governor Takahiro Yokomichi is trying to form a block new party in Hokkaido; and similarly, only Osaka Rengo is appealing for forming a "liberal Kinki block."

Osaka Rengo is asking lower house Speaker Takako Doi and New Party Sakigake leader Masayoshi Takemura to join a "liberal Kinki block." It is said that Takemura has already given a positive answer.

Indifferent to such survival wars of each political party, Prime Minister Ryutaro Hashimoto talked with South Korean President Kim Young-sam on Cheju Island, South Korea. Both men wore no ties on that occasion. After the meeting, Hashimoto left for the Lyon summit in the best of spirits.

It seems that Chief Cabinet Secretary Seiroku Kajiyama is thinking about using a "Ozawa card," which is covered with mud.

Kajiyama is said to have replied, "We had better not beat the dog that has fallen into the water," to his aides who proposed that he should get Ichiro Ozawa cornered.

"Kajiyama may be thinking that he had better have as many cards as possible to get Koichi Kato cornered and watch for an opportunity after Hashimoto is gone," according to LDP senior leaders.

Is Kajiyama thinking that his enemy's enemy is his friend?

North Korea

DPRK: U.S. Warned Not To Link Four-Way Talks, Lifted Sanctions

SK2907104396 Pyongyang KCNA in English
1029 GMT 29 Jul 96

[U.S. Politicians Urged To Be Prudent" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, July 29 (KCNA) — Some officials of the U.S. administration are, in a far-fetched manner, connecting the "four-way talks" with the improvement of relations between the DPRK and the U.S. in response to complaints of the South Korean puppets.

They recently said that economic sanctions against the DPRK would not be ease unless the "four-way talks" are held.

As for the relaxation of the U.S. economic sanctions against the DPRK, it is part of the efforts to improve the relations between the two countries and it is a matter upon which the two countries agreed two years before the "four-way talks" was proposed.

It is clearly stipulated in the DPRK-U.S. framework agreement adopted on October 21, 1994, that the two sides shall completely normalize politico-economic relations and pull down the barrier in the way of trade and investment.

The U.S. should have lifted its economic sanctions against the DPRK under the agreement.

The relaxation of the economic sanctions is not a "gift" that the U.N. presents to the DPRK.

The unreasonable remarks of some U.S. politicians go only to make us suspect that the "four-way talks" is part of pressure put on the DPRK.

It is high time that the two sides discharged their responsibility and role for the implementation of the framework agreement. The U.S. behavior which is contrary to such circumstances will certainly lay an obstacle in the way of the implementation of the DPRK-U.S. framework agreement.

It is because some U.S. politicians respond to the complaints of the South Korean puppets that Kim Yong-sam, who is ignorant on politics, prattled that the "four-way talks" should be realized with South Korea standing in the van and the U.S. backing it. It brings disgrace to the U.S., which claims to be the only superpower.

The U.S. politicians should act with farseeing intelligence.

It is our position to answer sincerity with sincerity, club with club.

If the irresponsible remarks of some U.S. politicians and their position are represented as a policy of the U.S. administration and so the "four-way talks" is used as a condition for the improved DPRK-U.S. relations and as a lever for political pressure on the DPRK, we cannot but adopt countermeasures.

This will bring nothing beneficial to the U.S. and other forces.

DPRK: Kim Yong-sam Denounced for Pursuing 'Confrontation'

*SK2807035396 Pyongyang Korean Central Broadcasting Network in Korean
0854 GMT 27 Jul 96*

[NODONG SINMUN 27 July commentary: "Brazen-Faced Distortion of Reality by a Bellicose Element"]

[FBIS Translated Text] Those who have baleful hearts not only suspect others but act foolishly, raising outcries about others while creating fictitious stories to protect themselves. A good example of this is seen in the acts of traitor Kim Yong-sam, who has again picked a quarrel with us, talking about possible military provocation by the North and the like. At a meeting at Chongwadae [presidential offices] on 24 July with the new commander of the U.S. Forces that occupy South Korea, the puppet traitor babbled that a thorough U.S.-South Korea joint defense posture is needed to deter the North's possible military provocation and maintain peace on the Korean Peninsula.

His remarks merely reveal his sinister intention to egg on confrontation and a war mood under the tedious pretext of a possible military provocation by the North; to keep the U.S. occupation forces in South Korea; and to pursue a worthless confrontation of force against

fellow countrymen — a war adventure, in collusion with the U.S. occupation forces.

His allegation about a possible military provocation by the North is brazen-faced false propaganda distorting our peace-loving policies and the military situation on the Korean Peninsula. Peace has been threatened and tensions have been increased on the Korean Peninsula due to none other than the frantic new war provocation maneuvers by the United States and the South Korean puppets.

Lately, the bellicose U.S. military quarters have decided to deploy an additional brigade of U.S. occupation forces in South Korea and to create a new air brigade with 30 AH-64 Apache helicopters as its main body. They are also planning to deploy 40 up-to-date missiles for actual service in South Korea in the near future.

At the same time, the South Korean puppets have brought in eight P-3C anti-submarine patrol planes and deployed them for actual service early this year, and they are pushing ahead with the plan to arm the puppet army with updated military equipment, such as up-to-date missiles, anti-artillery radars, pilotless reconnaissance planes, F-15 fighters, light aircraft carriers, and [word indistinct].

The United States and the South Korean puppets have conducted large military exercises named Hoguk, Hwarang, and Ssangyong in succession since the beginning of this year. On 14 July, they conducted large-scale joint landing operations on the East Coast. In particular, the South Korean puppet army does not hesitate to conduct provocations that cause a frantic arms conflict [kwangnanjogin muryok chungdorul yagisikinun tobarhaengwi], firing thousands of rounds of rifle and gunfire daily near the Military Demarcation Line. It would be needless to explain that this playing with fire is a dangerous act that may cause a war at any point under the present situation in which the enormous armed forces of both sides are in acute confrontation.

As the world recognizes, we have put forward the epochal proposal that the DPRK and the United States should sign a tentative agreement [jamjong hyopchop] to remove the danger of accidental armed conflict and war from the Korean Peninsula and to guarantee peace. We also insist on realizing national reunification by establishing a confederal state leaving the current systems of North and South Korea as they are.

Traitor Kim Yong-sam is frantically engaged in an arms buildup and war commotions for northward invasion, viciously challenging our peace-loving steps and efforts and propagandizing that this is in order to maintain peace on the Korean Peninsula. This is an extremely

brazen-faced distortion of reality and an intolerable provocation against us.

Backed by outside forces, the Kim Yong-sam ring is seeking a way out in a war adventure to harm fellow countrymen. But it is making a wrong assumption. Unsatisfied with selling the country and betraying the nation, the Kim Yong-sam ring is madly running wild to provoke a war of northward invasion in a bid to make the people fall victim to a nuclear war involving outside forces; but they will not be safe [choltaero musahalsu optta].

The anti-Republic confrontation commotions and war provocation maneuvers by traitor Kim Yong-sam, who runs counter to the people's intent and betrays the nation, will only hasten his ruin. The Kim Yong-sam ring should abandon its foolish design to realize reunification by invading the North with the help of outside forces, currying favors with them. It should also step down from power without delay as demanded by all the South Korean people. This is the only way out for the puppets.

DPRK: Kim Yong-sam Remarks on Joint Defense Posture Decried

SK2707110696 *Pyongyang KCNA in English*
0433 GMT 27 Jul 96

[FBIS Transcribed Text] Pyongyang, July 27 (KCNA)
— The traitor Kim Yong-sam of South Korea met the new commander in chief of the U.S. Forces in South Korea on Wednesday and told him that "joint defense posture" of the United States and South Korea is necessary to "deter the North's possible military provocation and preserve peace" in the Korean peninsula.

NODONG SINMUN today says his remarks revealed his sinister intention to foster confrontation and war under the trite pretext of "possible military provocation and threat by the North", keep U.S. troops in South Korea and, in concert with them, make a military showdown against the North.

In a commentary the daily says:

His allegation about the "North's possible military provocation" is a brazen-faced false propaganda misrepresenting the North's peace policies and the military situation of the Korean peninsula.

It is due to the frantic war preparations by the United States and the South Korean puppets that peace has been threatened and tension has increased in the peninsula.

The Kim Yong-sam group are seeking a way out in starting a war against the fellow countrymen in the North backed by outsiders. But they are mistaken.

They must give up the foolish design to invade the North and unify the country with the help of outsiders and must step down without delay as demanded by all the South Korean people. This is the only choice of the puppets.

DPRK Paper Denounces ROK Foreign Minister's Remarks

SK2807102896 *Pyongyang KCNA in English*
1025 GMT 28 Jul 96

[FBIS Transcribed Text] Pyongyang, July 28 (KCNA)
— The South Korean puppet foreign minister asked the secretary of the U.S. State Department and the Japanese foreign minister during his recent visit to a Southeast Asian country for "cooperation in the policy towards North Korea" and "establishment of a cooperation system against North Korea". NODONG SINMUN today, commenting on this, says that the Kim Yong-sam group's calling for cooperation in their anti-DPRK confrontation and war preparations at a time when all the fellow countrymen in the North and South and abroad are turning out in a patriotic struggle for national unity and reunification to put a period to the tragedy of the national division spanning more than half a century is a most shocking criminal act of throwing a wet blanket over the desire of the nation for reunification and a vicious challenge to the DPRK efforts for peaceful reunification.

The analyst further says: The puppet foreign minister's act is a concrete expression of the war hysterics of the puppets to invade the northern half of Korea, which has already gone beyond the limit. It fully betrays the true colors of the Kim Yong-sam group as a herd of vicious traitors, enemies of reunification and warmaniacs, who, not content with selling off the dignity and interests of the nation for their personal comfort and greed for power, make no bones about plunging the fellow countrymen into a nuclear holocaust by the help of foreign forces.

DPRK: ROK Urged To Return Soldier Rescued From Imjin River

SK2607143496 *Pyongyang KCNA in English*
1426 GMT 26 Jul 96

[FBIS Transcribed Text] Pyongyang, July 26 (KCNA)
— Kim Yong-kil, a soldier of the Korean People's Army (KPA), drifted down the Imjin river in the South Korean side, engulfed in a flood while on duty at about two this morning.

The South Korean authorities, distorting the fact, talk as if he had "defected" to the South.

This is a political ruse to spoil the image of the KPA soldiers in a bid to emerge from a crisis.

The young soldier has grown up in happiness in the socialist motherland. He has a firm faith in the motherland and the people.

The South Korean authorities' false propaganda about his "defection" is an unbearable insult to, a mockery of and a provocation against the KPA soldiers.

We can hardly repress surging indignation at their vicious false propaganda.

The South Korean authorities must return our soldier immediately and unconditionally.

If they play for time and try to use him for their sinister political purpose, far from returning him at once, they will have to bear full responsibility for all consequences.

DPRK: KPA Sergeant Returns From ROK Through Panmunjom

*SK2907131096 Pyongyang Korean Central Broadcasting Network in Korean
1100 GMT 29 Jul 96*

[FBIS Translated Excerpt] Kim Yong-kil, a sergeant in the Korean People's Army [KPA] who was detained by the South Korean puppets after becoming adrift because of flood damage, returned to the graceful bosom of the country via Panmunjom on the morning of 29 July.

KPA Sergeant Kim Yong-kil drifted in a southern direction along the Imjin River on 26 July while on normal military duty, unconscious due to damage from a 16-meter-high flood that suddenly assailed him [kapchagi turidakchin simnyuk mito nopiui kunmul pihaeo inhayo].

The South Korean puppets who whisked him away after he was rescued by the South Korean people detained him and employed all sorts of pacifying and deceptive maneuvers. However, KPA Sergeant Kim Yong-kil fought dauntlessly, maintaining the revolutionary faith and will of a soldier who has been brought up to be a one-is-a-match-for-a-hundred soldier in the bosom of the respected and beloved general.

According to the ultimate agreement [choejong habuie ttara] between the KPA Panmunjom Mission and the U.S. Forces, Kim Yong-kil returned to the northern half of the Republic.

At 1100 [0200 GMT], Kim Yong-kil, dressed in a KPA uniform, crossed the demarcation line at Panmunjom (panmunjom pullison), marching proudly.

When Kim Yong-kil and the crowd yelled their hurrahs, their hearts were filled with boundless adoration for the

respected and beloved Supreme Commander General Kim Chong-il. The hurrahs rang out far and wide, making the enemies tremble under the indomitable declaration that the faith and will of those one-is-a-match-for-a-hundred soldiers who have been brought up within the party's bosom is invariable under any adversity.

General-grade officers and officers, including Yi Chan-pok, a delegate to the KPA Panmunjom Mission, warmly greeted Kim Yong-kil and embraced him with deep emotion. The soldiers gave Kim Yong-kil bouquets and hung flower necklaces on him. [passage omitted]

Interviewed by reporters at Tongilgak in Panmunjom, Kim Yong-kil said:

[Begin Kim Yong-kil recording] As soon as I knew I was in the enemy area, I only thought of returning to the bosom of the respected and beloved general, even if I died fighting the enemy to the end. [passage omitted] They detained me, and slandered and vilified the socialist system of our country, and employed all sorts of mean maneuvers to urge me to defect to South Korea. Fighting with the enemy, I came to clearly know that as long as I have the firm faith and resolve of believing only in the respected and beloved general, then they will tremble and will be nothing. [end recording] [passage omitted]

DPRK: ROK Stresses 'Military Strength' in Solving N-S Issues

*SK2907052096 Pyongyang KCNA in English
0452 GMT 29 Jul 96*

[FBIS Transcribed Text] Pyongyang, July 29 (KCNA) — The traitor Kim Yong-sam has boosted military expenditure to buy more lethal equipment, palavering without hesitation that the inter-Korean issue can be "settled only by dint of military strength" and that they consider the North "enemy", not fellow countrymen.

The puppet Defense Ministry in June last set the 1997 "military budget" 16.7 percent higher than this year.

In a "1997-2001 Defense Plan", the puppet clique is going to allocate 87,000 billion won to buy U.S.-made up-to-date ground-to-ground and ground-to-air missiles, helicopter gunships and various kinds of warships.

This year alone the puppets introduced an anti-submarine patrol plane from the United States and planned to buy anti-artillery radars, various kinds of missiles including air-to-air missiles and unmanned reconnaissance planes. And the traitor Kim Yong-sam has introduced 27 pieces of large-calibre multibarreled rockets and is jointly producing 400 tanks in other country.

DPRK Paper Denounces Japanese Offer to Comfort Women

*SK2707112596 Pyongyang KCNA in English
1006 GMT 27 Jul 96*

[FBIS Transcribed Text] Pyongyang, July 27 (KCNA) — Recently, the Japanese Government decided to offer 700 million yen to the "comfort women" who are still alive, through the "national fund" and "supporters' organizations" in ten years to come.

Commenting on the fact, MINJU CHOSON today says the Japanese Government's decision is motivated by its sinister intention to flee from its state responsibility and compensation for the crime against the "comfort women" and settle the issue by paying the victims some money.

The daily says:

The "comfort women" issue is not a matter which can be resolved through the "national fund" and "supporters' organizations."

The Japanese Government's wrong position and misdeeds towards the issue are a challenge to the international community and human conscience and an unbearable insult to the victims. What is the demand of the international community over the issue? Is it some money?

Can the sufferings of the "comfort women" be healed by some money?

The Japanese Government's decision provides a glimpse of its immorality.

The settlement of the "comfort women" should involve all of some 200,000 victims, not only those who are still alive. To this end, the Japanese Government should admit its state responsibility for the crime, make a state apology and compensation and punish the criminals.

DPRK: Friendship Gathering Marks Anniversary of Cuban Uprising

*SK2607103096 Pyongyang KCNA in English
0848 GMT 26 Jul 96*

[FBIS Transcribed Text] Pyongyang, July 26 (KCNA) — A friendship gathering was held here on Thursday on the occasion of the 43rd anniversary of the July 26th armed uprising of the Cuban people.

Vice-Chairman Yang Tai-chu of the Committee for Cultural Relations with Foreign Countries and other officials concerned were present there.

Invited to the gathering were Cuban ambassador to the DPRK Jose Ramon Rodriguez Varona and his embassy officials.

Speeches were exchanged. And a novel that won a prize at the contest of literary works on the 100th anniversary of the Cuban independence war was presented to the Cuban ambassador.

They conversed with each other, deepening friendly feelings.

DPRK Papers Dedicate Articles to Cuban Uprising Anniversary

*SK2607110496 Pyongyang KCNA in English
0852 GMT 26 Jul 96*

[FBIS Transcribed Text] Pyongyang, July 26 (KCNA) — Papers here today dedicate articles to the 43rd anniversary of the surprise attack on Moncada Barracks by the Cuban revolutionaries.

The surprise attack was an important occasion that brought about a new turn in the revolutionary struggle of the Cuban people for freedom and liberation, NODONG SINMUN says in a signed article, and continues:

It recalls that the revolutionary Cuban people have honorably defended the country, revolution and gains of socialism in the same spirit displayed in the Moncada battle.

Today the Cuban people, rallied close around the Communist Party of Cuba headed by respected Comrade Fidel Castro, are marching forward under the uplifted banner of socialism, defying the continued military threats and economic blockade of the imperialists. This shows their principle and loyalty to the cause of socialism.

As in the past, the independence, sovereignty and socialism in Cuba are firmly defended by the reliable Armed Forces of the country.

The Korean people express firm solidarity with the Cuban people in their just cause of defending the country, revolution and gains of socialism.

MINJU CHOSON in a signed article notes that the Korean people believe that the Korea-Cuba friendship forged in the struggle for independence against imperialism and for the building of socialism will grow stronger. The Korean people sincerely wish the Cuban people greater success in their efforts for the revolution and construction, it adds.

DPRK: Yi Chong-ok Meets Brazilian Party Delegation

*SK2607110796 Pyongyang KCNA in English
1001 GMT 26 Jul 96*

[FBIS Transcribed Text] Pyongyang, July 26 (KCNA) — Vice-President Yi Chong-ok, member of the Political

Bureau of the Central Committee of the Workers' Party of Korea, met Antonio Paes De Andrade, chairman of the Brazilian Democratic Movement, and his companion at the Mansudae Assembly Hall on July 26.

On the occasion, the Brazilian guest said that the Brazilian Democratic Movement would strive to further develop friendly relations with the Workers' Party of Korea in the future.

Pointing out that all the members of the movement and the Brazilian people are endeavouring to establish diplomatic relations with the DPRK, he declared that he would make all his efforts to put this into practice.

It is the unanimous desire of the people to achieve peaceful reunification of Korea, he said, adding:

We fully support this.

The great leader Comrade Kim Il-song and his revolutionary idea will be kept forever in the hearts of all the people, the Brazilian guest declared.

DPRK: Premier Congratulates Albanian, Mongolian Prime Ministers

*SK2607111196 Pyongyang KCNA in English
0957 GMT 26 Jul 96*

[FBIS Transcribed Text] Pyongyang, July 26 (KCNA) — Kang Song-san, premier of the Administration Council of the Democratic People's Republic of Korea, sent messages of greetings to Aleksander Meksi and Mendsaikiany Enkhsaihan [names as received] upon their appointment as prime minister of Albania and prime minister of Mongolia.

The premier congratulated them on their appointment and wished them success in their responsible work.

The messages expressed the belief that the friendly and cooperative relations between Korea and Albania and between Korea and Mongolia would continue to develop on good terms in the interests of their peoples.

DPRK: Foreign Diplomatic Envoys Visit Revolutionary, War Museums

*SK2507033296 Pyongyang KCNA in English
0158 GMT 25 Jul 96*

[FBIS Transcribed Text] Pyongyang, July 24 (KCNA) — Hanafi Oussedik, Algerian ambassador to Korea, Muhammad Ahmed Dallah, acting secretary of the People's Committee of the People's Bureau of Libya, Anwar al-Fadel [spelling of Libyan and Syrian names as received], charge d'affaires ad interim of the Syrian Embassy, visited the Chonsung Revolutionary Museum and the Victorious Fatherland Liberation War Museum

on the occasion of the 43rd anniversary of the victory of the great fatherland liberation war.

The Algerian ambassador said that through the visit they could be aware well of the far-sighted intelligence and organisational ability of the great leader President Kim Il-song.

The acting secretary of Libya wrote in the visitor's book that the victory of the Korean people in the war is a wonderful heroic epical canvas and it is a good textbook for the people of all the fighting countries.

The charge d'affaires ad interim of the Syrian Embassy sincerely wished the Korean people and People's Army greater success in the course of upholding the behests of Comrade Kim Il-song under the leadership of Comrade Kim Chong-il, the supreme commander.

DPRK: Kim Chong-il Watches Performance on War Victory Anniversary

*SK2707002796 Pyongyang Korean Central Broadcasting Network in Korean
2100 GMT 26 Jul 96*

[FBIS Translated Text] Comrade Kim Chong-il, supreme commander of the Korean People's Army [KPA], watched a performance by the merited choir of the KPA ensemble on the day of the victory in the fatherland liberation war. Comrade Kim Chong-il, great leader [yongdoja] of our party and people, chairman of the DPRK National Defense Commission, and supreme commander of the KPA, watched a performance by the merited choir of the KPA ensemble on the occasion of the 43d anniversary of the victory in the fatherland liberation war.

In the audience were Comrades Kye Ung-tae, Choe Tae-pok, Kim Ki-nam, and Kim Yong-sun, secretaries of the Workers Party of Korea [WPK] Central Committee; Comrade Cho Myong-nok, vice marshal of the KPA and director of the KPA General Political Department; Comrade Kim Yong-chun, vice marshal of the KPA and chief of the KPA General Staff; department directors of the WPK Central Committee; and generals and officers of the KPA.

The choir members were overcome with great emotion and rapture at viewing the meaningful performance in the presence of the respected and beloved comrade supreme commander on the day of victory in the fatherland liberation war.

The choir sang in chorus "Always Looking Up to the Leader [suryongnim]," "Good Health to Comrade Supreme Commander," "Song of the KPA," "Our Hearts Leap in the Thick Forest," "Song of Defending the

Fatherland," "My Song in the Flames of War," "Toward the Decisive Battle," "Song of Victors," "The General Is at the Outpost Line," "We Will Win Under the Flag of the Supreme Commander," "Thunder Over Chongil Peak," "Parade of Victory," "We Will Defend the Nerve Center [sunoebu] of the Revolution With Our Lives," and many other songs.

The choir fully demonstrated its majestic appearance as a revolutionary and militant art unit, vigorously singing songs of revolution and struggle, which were loudly sung in every anal of our revolution filled with victories and glory, with its great artistic ability.

Throughout the performance, the choir members successfully represented the iron will, faith, militant spirit and fight of the People's Army and the people to devotedly defend the nerve center of our revolution with their lives and to complete the chuche revolutionary cause generation after generation under the leadership of the great general, upholding the red flag of the revolution, no matter what trial and obstacle they may face.

After watching the performance full of militant spirit, Comrade Kim Chong-il expressed great satisfaction with the successful performance by the merited choir members which reflected the indomitable revolutionary military spirit of the KPA.

Comrade Kim Chong-il highly appreciated the noble achievements of the artistes of the People's Army ensemble, our proud art unit, saying that they actively encouraged the Army and the people to carry out the struggle to construct a new fatherland, to annihilate the enemy, to build socialism, and to implement the party's military line, vigorously carrying out militant art activities as standard-bearers and trumpeters of the struggle in each period and at each stage of the revolution, including the fatherland liberation war.

All artists of the merited choir were filled with fervent resolution to more vigorously sing songs of the leader [suryong] and songs of the party, so as to arouse the People's Army soldiers and the people, who are vigorously advancing to achieve the ultimate victory of our revolution with the spirit of arduous march and the revolutionary military spirit, in registering new feats.

DPRK: Kim Chong-kak Speaks On 'War Victory' Day

SK2607134896 Pyongyang Korean Central Broadcasting Network in Korean
0803 GMT 26 Jul 96

[*"Congratulatory Report"* by Comrade Kim Chong-kak, vice minister of the People's Armed Forces, at a central report meeting marking the 43d anniversary of the

"victory in the fatherland liberation war," at the 25 April Hall of Culture in Pyongyang — live]

[FBIS Translated Text] Comrades: Today, amid deep emotion and joy at hearing the report designating the day of victory in the great fatherland liberation war as a national fete day, we are significantly marking the 43d anniversary of the victory in the fatherland liberation war with the great pride of victors.

Marking the day of the war's victory, which is brightly shining as the second liberation day in the history of our people's revolutionary struggle, all the people throughout the country and officers and men of the People's Army extend their loftiest respect, amid ardent yearning and admiration, to the great leader Comrade Kim Il-song, and wish the leader [suryongnim] eternal life [yongsang]. The great leader Comrade Kim Il-song rescued the destiny of the fatherland and the nation by leading the fatherland liberation war to brilliant victory, and made our people highly demonstrate their heroic spirit.

On the occasion of the day of the historic war victory, the national fete day of all people, I, authorized by Comrade Kim Chong-il, the great leader [yongdoja] of our party and people, chairman of the DPRK National Defense Commission, and supreme commander of the Korean People's Army [KPA], and in the name of the Political Bureau of the Workers Party of Korea [WPK] Central Committee, the Military Commission of the party Central Committee, and the DPRK National Defense Commission, warmly congratulate all the people, including the officers and men of the heroic People's Army and the People's Security Forces who courageously fought to defend the freedom and independence of the fatherland and who, even today, are effecting brilliant feats in the socialist construction and in outposts to defend the fatherland. [applause]

At the same time, I warmly congratulate the old veterans of the anti-Japanese struggle, the old fighters of the fatherland liberation war, disabled veterans, and discharged soldiers, who fought by dedicating everything to the fatherland's freedom and independence and the nation's honor. I also congratulate the families of the People's Army.

I send militant greetings to male and female members of the guerrilla units who courageously fought against the enemy in areas of the Southern half. [applause]

I pay my respects to the heroic fighters of the People's Army and the patriotic martyrs sacrificed while courageously fighting for the party, the leader [suryong], the fatherland, and the people during the fatherland liberation war. [applause]

Comrades: Our people's fatherland liberation war was a great revolutionary war in which we glorified the dignity and honor of the nation by repelling the armed invasion of the U.S. imperialists, who boasted of being the strongest in the world.

Although 40-odd years have elapsed since the gunfire of war stopped, even today our people's great victory is elucidating precious truth to the people, who are fighting for their independence and sovereignty, and it is vigorously encouraging the struggle of our people and the revolutionary people of the world.

Our people's victory in the fatherland liberation war was the victory of the faith and will of the revolutionary people led by the great leader [suryong], and it was a victory of ideological and mental strength. [applause]

The three-year war, enforced by the U.S. imperialists, was the most arduous trial for our people, who had just been liberated.

Our People's Army and people manifested indomitable heroism in this severe war, which was unprecedented in history, and were able to achieve a brilliant victory. This was possible because deeply settled in their hearts was the firm position of iron-like faith and the will that they would be victorious without fail, because the great leader [widaehan suryong] Comrade Kim Il-song, an anti-Japanese legendary hero and iron-willed commander who overcame the rigorous storms of the revolution and led the Korean revolution toward the one road of being ever-victorious, existed. [applause]

The Korean war, which lasted for three years, distinctly showed that however much pride a formidable imperialist enemy has in military and technical superiority, he cannot be a match for the strength of the people's faith and will, in which they firmly unite as a strong main force of revolution around the great leader [widaehan suryong] and launch [efforts] with determination even for death, overflowing with a faith in victory and revolutionary optimism.

When the fatherland and people faced severe difficulty, the great leader [widaehan suryong] Comrade Kim Il-song, who possessed peerless courage and an iron-like will, immediately frustrated the enemies' aggression; took resolute measures to annihilate the aggressors through a decisive counteroffensive; and under the militant slogan, "Everything is for the victory in war," called forth the whole party, the whole army, and all the people toward the sacred place for annihilating the enemy.

By highly upholding the great leader's [widaehan suryongnim] militant appeal, our people and the People's Army all rose in the just war to smash the imperialist

aggressors, fighting heroically by manifesting the indomitable revolutionary spirit and peerless sacrifice.

The officers and men of the People's Army who keenly experienced the misfortune of a stateless nation in the past became the master of the regime and master of plants and land for the first time since liberation. They should bear faithfully in their hearts that the respected and beloved leader [kyongaehanun suryong] Comrade Kim Il-song, who made it possible for them to enjoy to their hearts' content man's true life and worthwhileness, is truly the sun of fate of our people, the bosom of the fatherland, and an ever-victorious banner, and that he manifested the dauntlessness of eternal life for the party and leader [suryong], and the fatherland and people.

The officers and men of the People's Army created an unprecedented military miracle in the history of war by holding fierce bloody battles beyond the people's imagination in the sky, on land, and at sea, such as on the high and low peaks of the fatherland including Hill No. 1211 and Hill No. 351, and on large and small rivers and islands, including Nakdong River, and Wolmi Island. Tens of thousands of heroic fighters of our fatherland, including Yi Su-pok, Kang Ho-yong, Cho Kum-sil, and An Hye-yong, blocked the enemy's gun muzzles with their blood-seething hearts; ensured the advance of units while their bodies became human bullets; gave [word indistinct] to the enemies; and unhesitatingly devoted their youth and lives to the fatherland, thus defending each and every hill of the fatherland and even every inch of land with blood. The militant feats they manifested were a lofty manifestation of warm loyalty hotter than fire and patriotic devotion toward their leader [suryong], their party, and their fatherland. [applause]

During the fatherland liberation war period, people at the rear also fought heroically. Our people who desperately felt deep in their hearts the importance of the new fatherland and the new system founded and provided by the great leader [widaehan suryongnim], became one with the People's Army. Amid the enemy's continued barbarous bombing, they unyieldingly carried out the wartime production struggle and frontline support work, and thus supplied at the appropriate time, weapons, ammunition, and food to the fighting front.

During the arduous days of war, our people were actively supported by the peoples of fraternal countries and billions of people in the world. In particular, the fraternal PRC people sent support forces under the banner "Resist U.S. Aggression and Aid Korea," and helped our people's just struggle with blood. Our people have never forgotten this, and have always been grateful. [applause]

Our people and the People's Army were firmly united in one heart and one will around the party and the leader [suryong]. They fought with the death-defying will to live together and die together, and courageously overcame the difficult times of war. They handed the aggressors a humiliating defeat, and achieved a historic victory. [applause]

Our people's victory in the fatherland liberation war was a brilliant victory of the outstanding military ideology and the tested political and military leadership of the great leader [widaehan suryong] Comrade Kim Il-song, a gifted military strategist and peerless sagacious general. [applause]

With his extraordinary military wisdom and outstanding strategies, the great leader Comrade Kim Il-song created in every phase of the war unique military strategies and tactics that embodied the party's military ideology, and he gained supremacy over the U.S. imperialist aggressors, who were proud of their numerical and technical superiority, with political, ideological, strategical, and tactical superiority, solidly paving the way for victory.

The local and all-out counteroffensive strategies against the enemies' surprise attacks; the operation to liberate Taejon, which has become a brilliant model of modern siege warfare; the forming of a second front with strong regular forces in the enemies' ranks; the active battles to defend positions; the concentrated use of artillery fire power on mountains; and other unique strategies, tactics, and our-style war tactics presented by the great leader [widaehan suryongnim] that were never heard of before in history, were the fountain of matchless and victorious power that handed the U.S. imperialist aggressors an irrevocable defeat and firmly guaranteed the victory in war. [applause]

The great leader Comrade Kim Il-song always gave priority to the party's leadership role in revolution and construction. Even amidst the blazing flames of war, he convened a plenary meeting of the party Central Committee, and gave clear directions for party activities and objectives for struggle every time. He defended the purity of the party and strengthened the unity and cohesion of the party ranks in every possible way, and thereby firmly guaranteed the party's leadership over all actions of war.

During the entire war, the great leader Comrade Kim Il-song instructed about enhancing the position and role of the people's government in every way and strengthening the rear. He personally visited the front, plants, and farms ceaselessly, and warmly encouraged the fighters and people with the love of real family, and led them to fight heroically and win with a hundred- and thousand-fold courage.

Indeed, thanks to the outstanding and tested leadership of the great leader Comrade Kim Il-song, our People's Army and people were filled with confidence in victory and optimism about the future amid the rigorous gunfire of war, and they were able to unsparingly display matchless mass heroism and demonstrate the sacred honor of victors in the life-and-death battles against the U.S. imperialists. [applause]

Under the wise leadership of the great leader [widaehan suryong] Comrade Kim Il-song, our people and the People's Army achieved a historic victory in the fatherland liberation war and showed to the world the invincibility of our Republic and the people's democratic system. They honorably defended the sovereignty and independence of the fatherland and the nation, and greatly contributed to defending the peace and security of Asia and the world.

Our people's victory in the fatherland liberation war eloquently proved that although a country may be small, as long as the people maintain faith in the greatness of their leader [suryong] and firmly unite around the party and leader [suryong] and fight with a death-defying will, the country can smash any strong imperialist enemy and brilliantly defend the honor and dignity of the independent people. [applause]

In conformity with the situation after the war and the demand of our revolution, the great leader Comrade Kim Il-song presented outstanding and unique lines for building the economy and national defense, and excellently led the struggle to implement the lines. Thanks to the wise leadership of the great leader [widaehan suryongnim], our people were able to highly display the revolutionary spirit of self-reliance and fortitude and establish on this land the popular masses-centered socialism of our own style that demonstrates the strength of independence, self-reliance, and self-defense. They were able to strengthen the People's Army into a strong Army without peer and firmly establish an all-people and all-nation defense system.

The chuche-based socialist cause and military building cause pioneered by the great leader Comrade Kim Il-song has been ceaselessly developed to a new stage by the respected and beloved Comrade Kim Chong-il [kyongachanun kimjongil tongji], who is boundlessly faithful to the leader's [suryongnimui] cause. [applause]

Thanks to the outstanding and tested leadership of the great leader [widaehan yongdoja] Comrade Kim Chong-il, who long ago set as his life's task the completion of the chuche revolutionary cause to the end, and who has wisely led all sectors in building the party, the army, and socialism, today our country has marked a new epochal turning point to accelerate socialist

construction, strengthen the People's Army, and solidify overall state affairs.

In recent years, the imperialists and reactionaries have frantically committed vicious and tenacious blocking and crushing maneuvers to destroy our Republic, which is a fortress of socialism. However, our party and people were able to contain the enemy and achieve successive victories in the acute political, ideological, and military confrontation without firing shots against the rascals, because the respected and beloved supreme commander Comrade Kim Chong-il, who has unrivaled courage, iron will, and gifted wisdom, stood at the front. [applause]

The victory is a great victory of our people, who defeated the U.S. imperialists while displaying the spirit of the heroic Korea in the past fatherland liberation war, and who again showed to the whole world the invincibility of the socialist Korea and proudly defended and safeguarded national dignity and our-style socialism. [applause]

The respected and beloved supreme commander Comrade Kim Chong-il, who has extraordinary wisdom, an iron will, and a lofty soldier-loving spirit, conducted successive on-the-spot inspections last year and this year at Hill 351, Mt. Osong, Mt. Taedok, other front posts, on warships, and at airports and various Army units. His inspections mark an epochal turning point in solidifying the thousand-ri fatherland into an impregnable fortress, and in strengthening the readiness and fighting spirit of the People's Army. The inspections will be engraved with immortal words and shine in the history of building our revolutionary Armed Forces. [applause]

Because there are our revolutionary Armed Forces, that were founded by the great leader Comrade Kim Il-song amid the flames of the anti-Japanese struggle and that have been fostered as one-is-a-match-for-100 fighters amid the storm of arduous revolutionary struggle, and because there is the outstanding leadership of the respected and beloved supreme commander Comrade Kim Chong-il, who comprehensively brilliantly inherited and is developing the chuche-based military ideas and military building achievements of the leader [suryongnim], our People's Army and people are not afraid of any formidable enemy, and the ultimate victory of the socialist cause of chuche is certainly guaranteed under any circumstances. [applause]

On this significant occasion of marking the 43d anniversary of the war victory, I pay the loftiest respects and extend everlasting immortal honor, together with a sense of boundless admiration of all the people and the officers and men of the People's Army, to Comrade Kim Il-song, the great leader [suryong] of our party and peo-

ple. He led the two anti-imperialist revolutionary wars to victory and provided the everlasting foundation for our revolution's victorious advance by building a powerful socialist state with independence, self-reliance and self-defense capabilities on this land. I extend the greatest honor and deepest appreciation to the respected and beloved supreme commander Comrade Kim Chong-il, who brilliantly inherited and is developing the chuche revolutionary cause — the military building cause — and who is highly displaying the honor and dignity of the Kim Il-song people by making immortal achievements before the party, the revolution, the fatherland, and the people. [applause]

Comrades: Today we are faced with the glorious yet grave task of further consolidating the victory we have already won while carrying out the socialist cause — the anti-imperialist cause for independence — and accomplishing the revolution by upholding the red flag of revolution.

The great leader [yongdoja] Comrade Kim Chong-il has pointed out: We should safeguard and further glorify the popular, mass-centered socialism of our own style provided by the respected and beloved Comrade Kim Il-song, and should accomplish the chuche socialist cause.

Today, as in the past, our people's struggle to accomplish the chuche socialist cause is being carried out amid a very acute and tense situation resulting from the vicious maneuvers of the imperialists and reactionaries.

The U.S. ultra-rightist conservative forces have continued pursuing a force-oriented policy after the DPRK-U.S. agreed framework was signed, heading toward the road of making the situation on the Korean peninsula extremely acute. [kuktoro chomyehwa]

Under the instigation of U.S. conservative forces, the South Korean puppets are attempting to find a way out of the serious political crisis caused by the greatest slush fund scandal in history and by the anti-Republic confrontation maneuvers in the new war provocation. Thus, they are frantically dashing toward the path of North-South confrontation and a northward war of aggression.

Since early in the year, the South Korean puppets, together with outside forces, staged on an unprecedentedly large scale various types of adventurous war exercises in place of the Team Spirit joint military exercise. After turning the DMZ into a completely armed zone and a northward attack starting position, they are perpetrating a reckless playing with fire and military provocations every day in order to attack us. This clearly shows that the degree of their frenzy for a northward war of aggression has gone beyond the limit.

However, any aggressive maneuvers by the rascals cannot frighten our people or the People's Army, who are unswerving in their fight for justice and peace.

If the enemies continue to pursue division and confrontation regardless of our repeated warnings, and ignite the fuse of war to the bitter end, our People's Army and people will mercilessly smash the aggressors and completely uproot the source of war on the Korean peninsula. [applause]

All the people and officers and men of the People's Army must deeply bear in their hearts the indomitable revolutionary spirit, a faith in victory, and the revolutionary optimism highly manifested during the past anti-Japanese revolutionary struggle period and the fatherland liberation war period. By struggling all the more vigorously in all sectors of socialist construction and in defending the fatherland, we must resolutely defend, adhere to, and elucidate the socialism of our own style centered on the popular masses.

If we are to smash the antisocialist maneuvers by the imperialists and reactionaries and vigorously accelerate the chuche socialist cause, we must impregnably consolidate the single-hearted unity of the whole party, the whole army, and all the people to be united all the more around the great leader [widaehan yongdoja] Comrade Kim Chong-il.

All the officers and men of the People's Army and people must unite, unite, and unite centered around the respected and beloved general comrade [kyongaehanun choegosaryonggwan tongji] with the faith and will that we will be victorious without fail, because the great leader [widaehan yongdoja] Comrade Kim Chong-il exists, and we must uphold the ideology and leadership of the comrade supreme commander with loyalty and filial piety. [applause]

We will highly uphold the slogan of loyalty, "Let us desperately defend with life the nerve center [sunoebu] of the revolution headed by the great Comrade Kim Chong-il." By defending the respected and beloved comrade supreme commander [kyongaehanun choegosaryonggwan tongji] with the do-or-die spirit through the human bullet spirit of the anti-Japanese 7th Regiment and the revolutionary military spirit, our revolutionary army and the glorious tradition of defending the leader [suryong] by the people should be elucidated all the more.

All the workers, including the working class, must deeply bear in mind that carrying out socialist economic construction well at this time is an important work in firmly defending and adhering to the socialism of our own style centered on the popular masses and in

strengthening the country's defense capability, and they must all the more vigorously struggle to implement the party's revolutionary economic strategy.

As our officers and men of the People's Army are vigorously demonstrating brilliant labor feats on the battlefields of great socialist construction for the prosperity and grandeur of the country and the fatherland with the revolutionary military spirit, all party members and workers must highly manifest the arduous march spirit and the revolutionary spirit of self-reliance and fortitude to courageously overcome the difficulties and trials they face so that they can magnificently accomplish the economic tasks placed before their sector and unit.

All the officers and men of the People's Army must highly uphold the military building ideology put forth by the respected and beloved comrade supreme commander [kyongaehanun choegosaryonggwan tongji]; strengthen and develop all the more our People's Army into one-is-a-match-for-100 strong force and a main force for completing the chuche revolutionary cause; and impregnably defend the socialist fatherland so that no aggressor can invade even an inch of our land, whether in the sky, on the ground, or on the sea.

We must all the more firmly establish the trait of attaching importance to the military throughout the whole society; impregnably consolidate the all-people's and national defense system; and all the more highly manifest the traditional virtue of army-people unity.

We must always deeply bear in our hearts the great leader [widaehan suryong] Comrade Kim Il-song's reunification will; highly uphold the wise leadership of the respected and beloved comrade supreme commander [kyongaehanun choegosaryonggwan tongji], who is the lodestar of the fatherland's reunification; and struggle vigorously to achieve the country's independent reunification as soon as possible through the united strength of the whole nation according to the three principles of independence, peaceful reunification, and great national unity.

There will always only be victory and glory on the future road of our people and People's Army who are upholding the respected and beloved [kyongaehanun] Supreme Commander Comrade Kim Chong-il, who is a distinguished great commander of Paektu and who is at the forefront; who are waving the sacred red flag filled with the great leader's [widaehan suryongnim] whole life; and who are advancing vigorously, overflowing with a faith in victory. [applause]

Let us all firmly unite around the party Central Committee headed by the great Comrade Kim Chong-il to

fight vigorously for the completion of the chuche socialist cause and achieve the fatherland's reunification ahead of schedule, and to fight for the whole world's independence. [applause]

Long live the revolutionary ideology of Comrade Kim Il-song, the great leader [widaehan suryong] of our party and our people! [applause and shouts]

Long live the glorious WPK, which is the organizer and leader [hyangdoja] of all the victories of the Korean people! [applause and shouts]

DPRK: Foreign Military Attaches Mark 43d War Victory Anniversary

*SK2607110896 Pyongyang KCNA in English
0958 GMT 26 Jul 96*

[FBIS Transcribed Text] Pyongyang, July 26 (KCNA) — The Foreign Military Attaches Corps in Korea visited the monument to victory in the fatherland liberation war today to mark the 43d anniversary of the Korean people's victory in the great fatherland liberation war.

The attaches laid bouquets before the monument and paid deep respects to the heroic Korean People's Army officers and men.

Then they went round the monument.

DPRK Editorials Comment on War Victory Anniversary

*SK2707061596 Pyongyang KCNA in English
0506 GMT 27 Jul 96*

["Papers Call for Adding Lustre to Tradition of Victory in War" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, July 27 (KCNA) — Today is the 43d anniversary of the Korean people's victory in the fatherland liberation war (July 27, 1953).

The Korean people celebrates the day of victory in the war, in which they smashed the aggression by the imperialist allied forces and defended the dignity and sovereignty of the nation, is the day of the second liberation.

Papers here today dedicate editorials on this anniversary.

In an editorial titled "Let Us Add Lustre to Glorious Traditions of Victory in War Under Leadership of Great Party" NODONG SINMUN says the great leader Comrade Kim Il-song triumphantly led the fatherland liberation war, saved the destiny of the country and the nation and effected a new upsurge in the anti-imperialist struggle. This is an imperishable, historic feat he performed for the country and the revolution for the time and mankind, it notes.

The daily quotes the great leader Comrade Kim Chong-il as saying:

"The great leader Comrade Kim Il-song led our party and people to a brilliant victory in the rigorous fatherland liberation war taking charge of all the party, state and army affairs and overcoming manifold hardships and trials."

The daily says it was under the wise leadership of Comrade Kim Il-song, an outstanding military strategist and ever-victorious iron-willed brilliant commander, that our people, with a young regular army, could win the hard-fought war against the imperialist allied forces in the early years of the building of a new country.

Ours was a great victory of the respected leader Comrade Kim Il-song's outstanding military ideas, strategies and tactics, chuche-oriented war methods and commanding art. In the war he saved our people again from slavery. So, July 27 is celebrated as the second liberation day.

The respected Comrade Kim Chong-il, who is fully carrying forward his ideas and leadership, advanced an original policy of modelling the whole army on the chuche idea. He has strengthened and developed our Revolutionary Armed Forces to a formidable army fully prepared in mentality and morality and equipped with both powerful offensive and defensive means, firmed all the people and fortified the whole country.

Though the imperialists and reactionaries have further intensified new war provocation moves and the anti-DPRK campaign, our socialist cause of chuche is making a long drive. This goes to show the might of our country, which has become powerful politically and militarily, united in one mind and prepared to defeat any imperialist aggressors at one strike, under the guidance of the party and the leader.

Strengthening our singlehearted unity around Comrade Kim Chong-il in every way and devotedly defending the headquarters of the revolution is vital to successfully carrying forward the traditions of invincibility established under the leadership of Comrade Kim Il-song and accomplishing our socialism.

If our people are to continue winning in the acute confrontation with the imperialists and completing our socialism, they should have a firm faith in the leader, a faith in our invincible revolutionary cause.

All the servicemen should prepare themselves as a-match-for-a-hundred army faithful to the party and [words indistinct] force for the accomplishment of the revolutionary cause of chuche, upholding Supreme Commander Comrade Kim Chong-il's ideas of army

building. They should mercilessly annihilate any aggressors with the matchless grit and iron will cultivated by General Kim Chong-il if they invade even an inch of our land and our territorial air and waters.

In an editorial titled "Revolutionary Feats Performed by the Respected Leader Comrade Kim Il-song in leading fatherland liberation war to great victory are immortal" MINJU CHOSON says our people and servicemen who have emerged victorious under the wise leadership of Comrade Kim Il-song and Comrade Kim Chong-il, will win a greater victory in the future.

DPRK: NODONG SINMUN Marks War Victory Anniversary

*SK2707150496 Pyongyang Korean Central Broadcasting Network in Korean
0125 GMT 27 Jul 96*

[NODONG SINMUN 27 Jul editorial: "Let Us Endlessly Add Luster to the Glorious Tradition of Victory in the War Under the Leadership of Our Party"]

[FBIS Translated Text] Today is the second liberation day commemorating our people and People's Army defense of national dignity and sovereignty and smashing of the combined imperialist forces, including the U.S. imperialists, under the leadership of the great leader [suryong] Comrade Kim Il-song.

Greeting this meaningful day, with boundless yearning for him, our people and People's Army officers and men look upon the image of the fatherly leader [suryongnim], who, standing on the high rostrum, waved his hand with a bright smile to the reliable ranks of the Army, Navy, and Air Force while they were displayed in a military parade celebrating the 40th anniversary of the victory in the fatherland liberation war. At the same time, they are overflowing with the firm resolution to endlessly add luster to the glorious anti-imperialist tradition of victory in the war under the leadership of respected and beloved Comrade Kim Chong-il [kyongachanun kimjongil tongji].

The great leader [suryong] Comrade Kim Il-song led the fatherland liberation war to victory, and so saved the destiny of our fatherland and nation and opened a new road to a fresh upsurge in the anti-imperialist struggle. These are his immortal historic achievements accumulated before time and mankind.

The great leader [yongdoja] Comrade Kim Chong-il noted: Shouldering all heavy tasks of the party, the state, and the military during the severe days of the fatherland liberation war, the great leader [suryongnim] led our party and people to brilliant victory, overcoming multifold obstacles and trials.

The three-year fatherland liberation war — in which our people fought against the imperialist aggressors, who were proud of being the most powerful in the world, right after the liberation — was a life-and-death struggle and a turning point in our people's destiny, to become colonial slaves again or to defend national dignity.

The U.S. imperialist aggressors committed hundreds of troops armed with modern military equipment and (?a considerable number of fighters of various types) in the Korean war and applied all sorts of the shrewdest and cruellest war methods. In this unprecedentedly severe war, our People's Army and people defeated the combined imperialist forces and defended the freedom and independence of the fatherland, thus solemnly declaring that no one can frustrate the Korean people's revolutionary cause led by the great leader [suryong] and greatly contributing to protecting peace and security in Asia and the world.

Our people were able to have the honor of the winner in the arduous war against the combined imperialist forces, with a young regular army at the beginning of building the new fatherland, entirely because they had the wise leadership of the great leader [suryong] Comrade Kim Il-song, an outstanding military strategist and an ever-victorious iron-willed general.

With his extraordinary military wisdom, the great leader [suryong] Comrade Kim Il-song presented unique strategies and tactics and practiced bold and superb operations in every phase and stage of the war, so that he firmly prepared the victory in the war and led the entire party, the entire Army, and all the people on the march of annihilating the enemy.

Without the great leader's [suryongnim] wise leadership and extraordinary tactics of leading the army, we could not think of the fact that from the first day of the war our People's Army created military miracles which were unprecedent in the history of war; nor could we talk about the fact that all the people fully displayed their patriotic devotion to production in war time and to support for the front, of one mind and will with the fighters at the front under the slogan "Let Us Devote Everything for Victory in the War."

Our victory in the fatherland liberation war was a great victory of the outstanding military ideology, strategy, tactics, war method, and commanding art of the respected and beloved leader [kyongachanun suryong] Comrade Kim Il-song. The war victory on 27 July was the second liberation day, when the leader [suryong] saved our people from the calamity of slaves for a second time.

Following the arduous anti-Japanese war, the great leader [widaehan suryong] Comrade Kim Il-song led the more ghastly and arduous fatherland liberation war to victory. This immortal achievement made our people and the people of the world absolutely admire him as an ever-victorious iron-willed sagacious general who defeated two strong imperialist enemies in one generation, and as a legendary hero who opened a new era in the anti-imperialist struggle. After thousands of years, our people and progressive mankind will not forget the great leader [widachan suryongnim], who led the anti-imperialist struggle war to brilliant victory with his gifted military ideology and outstanding and tested leadership.

It has been 43 years since our people achieved brilliant victory in the fatherland liberation war under the leadership of the great leader Comrade Kim Il-song and saw the historic second liberation day. The years have been rewarding years, in which the might of our fatherland was incomparably strengthened under the leadership of the great leader [widaehan suryongnim] and the respected and beloved [kyongachanun] supreme commander Comrade Kim Chong-il.

The respected and beloved Comrade Kim Chong-il [kyongachanun kimjongil tongji], who is thoroughly embodying the ideology and leadership of the great leader [widaehan suryongnim], presented the unique line of modeling the entire Army after the chuche idea. He strengthened and developed our revolutionary Armed Forces into a matchlessly strong Army that is excellently prepared spiritually and morally, and that is equipped with strong offensive and defensive means. He developed our country into an impregnable fortress in which all people are armed and the entire country is a fortress.

In past years, the maneuver of the imperialists and reactionaries to provoke a new war and crush the Republic has become more grave than ever, but our chuche socialist cause victoriously advances without pause. This proud reality vividly proves the might of our fatherland, which has become a politically strong country of single-hearted unity under the leadership of the party and the leader [suryong]. It has strengthened and developed into an invincible and militarily strong country that can smash any imperialist aggressor with a single blow.

The great leader [widaehan suryongnim], whom the world respects as a great man of the ages, devoted his entire life to building the one-is-a-match-for-a-hundred revolutionary Armed Forces. As long as we have the revolutionary Armed Forces and the respected and beloved Comrade Kim Chong-il [kyongachanun

kimjongil tongji], who is a general of 100 battles and who is brilliantly continuing the leader's [suryongnimui] army building ideology and cause, our people and the People's Army will not be afraid of any world-class trauma or enemy, and will be able to firmly defend our-style socialism even if they face arduous trials like the fatherland liberation war 10 or 100 times more in the future.

Today we have the weighty and honorable task to uphold the will of the great leader Comrade Kim Il-song; further glorify the victory achieved in the course of implementing the cause for anti-imperialism, independence, and socialism; and complete the chuche revolutionary cause to the end. All party members, people, and officers and men of the People's Army should carry deep in their hearts the great pride and honor of being blessed with the leader [suryong] and the supreme commander generation after generation. They should firmly inherit the tradition of anti-imperialism and independence achieved and solidified amid the flames of two arduous revolutionary wars so as to resolutely defend, safeguard, and boundlessly glorify the socialism of our own style won by blood.

Strengthening our iron-clad, single-hearted unity around the respected and beloved Comrade Kim Chong-il in every way and devotedly defending the nerve center [sunoebu] of the revolution are decisive guarantees for successfully carrying forward the traditions of invincibility established under the leadership of the great leader [suryongnim] and for accomplishing socialism of our own style to the end.

The secret to a victory in the revolution is unity. Because there was single-hearted unity between the entire party and the whole people based on unwavering loyalty to the leader [suryong], our people and People's Army could create miraculous exploits striking the world's people with admiration during the past fatherland liberation war, and they have been able to persistently advance the socialist cause by crushing the enemy's ceaseless challenges and stifling maneuvers in the 45 years after the war.

Not oblivious to the fatherly leader's behest, all party members, officers and men of the People's Army, and the people should unite and unite again around the respected and beloved General Kim Chong-il, and should absolutely trust in and follow only Comrade Kim Chong-il under any circumstance.

Just as the heroic fighters of the fatherland liberation war loudly shouted "Long live General Kim Il-song!" and fought to the last drop of their blood, each of us should defend the great Comrade Kim Chong-il politically, ideologically, and with our lives. On this road, we

should keep our moral obligation as revolutionary fighters to the end.

For our people to continually win victory in the acute confrontation with the imperialists and accomplish socialism of our own style to the end, we should have firm faith in the leader [yongdoja], and faith in our invincible revolutionary cause.

The victory of socialism is the victory of faith and will. As the teaching of the fatherland liberation war shows, the people, who fight with death-defying determination and with faith in invincibility under the great leader's [suryongnim] leadership, can make even great formidable enemies kneel down, and they can firmly defend their cause under any circumstance.

Today we are making an arduous march. However, the difficulties and trials we are undergoing are temporary. They are like nothing [amugotto anida] when compared to those of the fatherland liberation war or of post-war days. Our cause is just and victory is certain.

All party members and workers should break through all difficulties and trials, overflowing with confidence and optimism, by cherishing the faith that because there is the great leader [yongdoja] Comrade Kim Chong-il, we will always be victorious, and with the courage that lets us see who will (?ultimately) smile.

Through today's arduous march, all of us should more firmly prepare ourselves to be the fighters of the respected and beloved general and genuine chuche-type communist revolutionaries with the tenacious faith and will to not give up their political principles even on the scaffold, or even if fire and flood block their advance.

Effecting a great upsurge in the socialist construction with the heroic spirit of struggle displayed during the arduous war period is a worthwhile work to further glorify our chuche socialist fatherland, which was provided and built by the great leader [suryongnim].

All party members and workers should effect a new upsurge in implementing the party's revolutionary economic strategy by deeply cherishing the programmatic teachings given by the leader [suryongnim] to their respective domains and units, as we solemnly pledge once again on the occasion of the great leader's [suryongnim] second death anniversary.

With the invincible revolutionary spirit — the spirit of crossing the blazing river — and with such vigor and spirit as cherished when they ensured wartime production during the fatherland liberation war, all party members and workers should unconditionally and thoroughly accomplish the tasks assigned by the party

by courageously breaking through various difficulties and trials.

As an impending task, all areas of the national economy should more vigorously accelerate the general socialist march by upholding the red flag on the occasion of the 70th anniversary of the founding of the Down-with-Imperialism Union. Thus, they should brilliantly glorify the immortal achievements made by the great leader [suryongnim], who provided the firm, deep root of our party and revolution, by attaining an unprecedented, innovative success.

The power of self-defense is the most precious gain of our revolution, and a military guarantee for firmly defending the dignity and independence of our fatherland and nation generation after generation.

Today the U.S. imperialists and the South Korean puppet clique are aggravating the tension of the nation to an extreme point by ceaselessly staging war exercises against the Republic, instead of seeking a due lesson from the disgraceful defeat they suffered during the past Korean war.

The imperialists' aggressive nature absolutely cannot change. As long as imperialism remains, we cannot relax a sense of alertness for even a moment.

All officers and men of the People's Army should further strengthen and develop our People's Army into a one-is-a-match-for- 100 strong army, into the ranks of loyalty, and into the main force for accomplishing the chuche revolutionary cause by upholding the military building idea of the respected and beloved comrade supreme commander.

If any aggressor invades even an inch of our territorial land or airspace, or harms our honor to even the slightest degree, we should mercilessly punish the aggressor with the peerless courage and iron will that the respected and beloved General Kim Chong-il has fostered.

We should establish traits of attaching importance to military affairs in the entire society, and further consolidate the all-people and all-nation defense system. Thus, we should see to it that the noble traits of the military-people unity blossom more brilliantly, so that soldiers and people love and support each other with one mind and one intention.

Although 40 years have passed since the gunfire of war stopped in Korea, a durable peace has not been ensured and the armistice status is continuing.

Because of illegal U.S. acts [mugugui pulbopchogin chosaro hayo], in actuality the armistice system has been destroyed and the situation in which a war may break

out at any moment is prevailing. This reality of today raises the establishment of a new peace regime, which is intended to prevent the recurrence of war and to ensure durable peace and security, as the task which should not be delayed any longer.

The United States should not erroneously judge the unswerving will [tochimomnun uijirol kuruttoege pardanhaji malgo] of our party, our people and our People's Army, but should come to the road of ending hostile relations between the DPRK and the United States by sincerely implementing the DPRK-U.S. framework agreement. The United States should accept without delay our just proposal for establishing a new peace regime, replacing the outdated armistice system.

Today the South Korean puppet clique, under U.S. instigation, is hell-bent on an arms buildup for preparation of a new war, and is adhering to various anti-national maneuvers in an attempt to block the nation's reunification and maintain division.

However, upholding the great leader's [suryongnim] behest, all fellow countrymen in the North, the South, and overseas will achieve the cause of national reunification without fail by crushing the maneuvers of separatists at home and abroad under the banner of the three principles of independence, peaceful reunification and great national unity, and of the 10-point programs of the great unity of the whole country.

Our revolution is advancing along an ever-victorious road and [word indistinct] is encouraging our people to a new victory. All party members and workers should unswervingly fight for the prosperity and development of our fatherland and nation, for victory in socialism, for the nation's independent reunification, and for the independence of the whole world by upholding the red flag, which reflects the great leader's [suryongnim] whole life, and by following the leadership of the respected and beloved Comrade Kim Chong-il.

The great leader Comrade Kim Il-song saved our nation from national crisis by leading the two anti-imperialism revolutionary wars to victory, and opened a new era of great prosperity and development on this land. Thus, the great leader Comrade Kim Il-song is always with us today, and will be with us tomorrow and forever.

Our people's revolutionary cause, which was pioneered by the great leader Comrade Kim Il-song and created by our party which is endlessly loyal to the behest of the respected and beloved leader [suryongnim], is ever-victorious and indomitable.

DPRK: Economic, Commercial Corps Sends Flowers to Kim Chong-il

*SK2607124796 Pyongyang KCNA in English
1114 GMT 26 Jul 96*

[FBIS Transcribed Text] Pyongyang, July 26 (KCNA) — A floral basket and a congratulatory letter were presented to the great leader Comrade Kim Chong-il by the economic and commercial councillors' corps in Korea on the occasion of the 43rd anniversary of the victory in the fatherland liberation war.

They were conveyed to an official concerned Friday by a Russian trade representative [word indistinct] who is the head of the corps.

DPRK: Rebuilt Kumsusan Plaza Sign of Kim Chong-il's 'Loyalty'

*SK2607103196 Pyongyang KCNA in English
0846 GMT 26 Jul 96*

[FBIS Transcribed Text] Pyongyang, July 26 (KCNA) — The plaza of the Kumsusan Memorial Palace, the sacred temple of chuche, was rebuilt with the second death anniversary of the great leader President Kim Il-song as an occasion.

The plaza with an area of nearly 100,000 square metres, is world-standard in terms of size, style and quality.

This renewed plaza is a precious product of the great leader Comrade Kim Chong-il's intense loyalty and filial piety to the fatherly leader President Kim Il-song.

Comrade Kim Chong-il saw to it that the plaza was renewed in clean, majestic and dignified forms, saying it is his invariable will to build the whole compound of the Kumsusan Memorial Palace on the highest level and as an edifice of eternal value.

The plaza, 460 metres long and 190 metres wide, is largely composed of road section and main floor section.

Its floor is coated with hundreds of thousands of granite pieces of 20 kinds different in color and size.

The floor is so even that rains never stay.

In the plaza you can see the portrait of President Kim Il-song beaming like the sun on the front wall of the palace.

On right and left sides of the plaza there are granite pedestals with magnolia carved into relief, on which the sloganboards "The great leader Comrade Kim Il-song will always be with us" and "Let us arm ourselves more firmly with the revolutionary ideas of the great leader Comrade Kim Il-song!" are set up.

There are also an imposing platform and reviewing stands in the front part of the plaza.

In its front and back parts are several large chandeliers, tens of metres in height, standing symmetrically, and sanitary facilities.

In the world there are a large number of known or unknown plazas but no such as the memorial palace plaza, the first of its kind in human history, which demonstrates the greatness and immortality of the leader.

In this plaza on July 8, the Korean people renewed their rockfirm pledge to accomplish the revolutionary cause of chuche true to the teachings of President Kim Il-song, with Comrade Kim Chong-il on its platform.

DPRK: NODONG SINMUN Urges Self-Reliant Defense of Socialism

*SK2607111096 Pyongyang KCNA in English
0857 GMT 26 Jul 96*

[“NODONG SINMUN Calls For Defending Socialism in Spirit of Self-Reliance” — KCNA headline]

[FBIS Transcribed Text] Pyongyang, July 26 (KCNA) — NODONG SINMUN today calls for steadfastly defending Korean socialism centred on the masses of the people and successfully accomplishing it in the revolutionary spirit of self-reliance, the fighting spirit and mode of revolution peculiar to the communists.

In an article titled “Self-Reliance, Fighting Spirit Pertaining to Communist Revolutionaries” the daily says history and the situation give a serious lesson that self-reliance leads to the victory of socialism and dependence on others to ruin.

The daily says:

The revolutionary spirit of self-reliance is a valuable thing bequeathed by the great leader Comrade Kim Il-song. It is an intrinsic ideological and mental quality of his soldiers and devoted followers.

Today the Korean people are building socialism in acute confrontation with the imperialists. The imperialists and the reactionaries are resorting to political and military pressure and economic blockade against the DPRK to isolate and stifle its socialism. Therefore, we are faced with great difficulties.

We are now in an “arduous march”.

Self-reliance is a powerful ideological weapon which makes it possible for the party members and other working people to uplift their honor as Korean communist revolutionaries and win victory in the “arduous march”.

The Workers' Party of Korea calls on all the people to live and work in the spirit of the “arduous march”, self-reliance and hard struggle, that is the fighting spirit displayed traditionally in our revolution and an ever-victorious philosophy.

In response to the call, our people should perform heroic feats by displaying the revolutionary spirit of self-reliance.

It is a precious truth they have gained through practice in the past that only self-reliance is a powerful ideological and mental source which enables the revolutionaries to glorify their life in the worthwhile efforts for the prosperity of the country and the happiness of posterity.

South Korea

ROK: KEDO Names Major Corresponding Banks in Reactor Project

*SK2607082896 Seoul YONHAP in English
0652 GMT 26 Jul 96*

[FBIS Transcribed Text] Seoul, July 26 (YONHAP) — The Korea Exchange Bank has been selected as one of the four major corresponding banks for the light-water reactor project in North Korea by the Korean Peninsula Energy Development Organization (KEDO), the bank reported Friday.

The three others are the Citibank of the United States, and the Tokyo Bank and Mitsubishi Bank of Japan.

The international consortium led by the United States, South Korea and Japan is tasked with building two light-water reactors in Sinpo on the North's east coast in exchange for Pyongyang freezing its nuclear program which was suspected of producing weapons-grade materials.

Since South Korea is to bear the lion's share of the cost of the reactor project, the Korea Exchange Bank is expected to play the leading role in managing the reactor financing which will involve an estimated 7 billion U.S. dollars, an official from the bank said.

KEDO, upon designating the Korea Exchange Bank as such, has remitted to the bank's New York branch 6 million U.S. dollars, the first deposit for the reactor fund contributed by South Korea, the bank added.

ROK: LWR Official Visits Europe To Seek Funds for KEDO

*SK2707030396 Seoul YONHAP in English
0242 GMT 27 Jul 96*

[FBIS Transcribed Text] Seoul, July 27 (YONHAP) — Chang Son-so, administrator of the office of planning

for light-water reactor [LWR] project, left for Brussels Saturday to discuss the possibility of the European Union increasing its financial contribution to the Korean Peninsula Energy Development Organization (KEDO).

Chang will join Paul Cleveland of the United States and Hiromoto Seki of Japan, both executive members of KEDO, in talks with members of the EU Executive Committee to discuss the EU's participation in KEDO and explore the possibility of an additional financial commitment to help finance the supply of heavy oil for North Korea.

KEDO is an international consortium led by the United States, South Korea and Japan, that is responsible for building two light-water reactors in North Korea and providing them with an interim supply of heavy oil in return for Pyongyang freezing its nuclear development program that was suspected of producing weapons-grade materials.

It will be the first visit to EU Headquarters by the KEDO executive members, who reportedly plan to request that the EU contribute 20 million U.S. dollars annually on the condition that it is made an observer of the KEDO Executive Board.

The EU is reportedly demanding that it be granted member status by the KEDO Executive Board and be allowed to take part in specific areas of the light-water reactor project. The EU is currently committed providing KEDO with 6.5 million dollars in financial assistance.

Of the 500,000 tons of heavy oil to be supplied to North Korea this year, 250,000 tons had been delivered by the end of June, according to an official from the office of planning for light-water reactor.

"Since financial resources for supplying heavy oil will run out next month, it is imperative that we secure more funds," the official said.

KEDO executive members visited ASEAN member countries including the Philippines in early July in an effort to solicit more financial support.

ROK: KEDO, KEPCO Plan To Discuss Costs, Burden Sharing

*SK2707011696 Seoul YONHAP in English
0042 GMT 27 Jul 96*

[FBIS Transcribed Text] Seoul, July 27 (YONHAP) — The Korean Peninsula Energy Development Organization (KEDO) and the Korea Electric Power Corp. (KEPCO) will hold a working-level meeting in Seoul in September to determine the total cost of the light-water nuclear reactor project to North Korea.

A high-ranking KEPCO official said Saturday the schedule was agreed on during a meeting with KEDO Executive Director Stephen Bosworth who recently visited Seoul. KEPCO is the prime contractor for the KEDO project that involves the construction of two light-water nuclear reactors in Sinpo area, North Hamgyong Province.

The official said that next week the international consortium (KEDO) is also going to announce the organization that has been chosen to serve as the technical support consultant (TSC) which will conduct a feasibility study on the rough cost estimate for the project submitted to KEDO by KEPCO July 15. The technical consultant group will report the results of its study to the September's working-level meeting.

KEPCO's rough estimate of the cost was 4.9 billion U.S. dollars.

Other sources predicted that during the September meeting, they will also make a final determination on the share of expenses South Korea, the United States and Japan, the executive member countries of the international consortium, will be responsible for.

ROK President Sends Condolences to Clinton Over Atlanta Bombing

*SK2707125796 Seoul YONHAP in English
1253 GMT 27 Jul 96*

[FBIS Transcribed Text] Seoul, July 27 (YONHAP) — President Kim Yong-sam Saturday sent to his U.S. counterpart Bill Clinton Saturday a telegram to express sympathy on a bomb blast that rocked the Centennial Olympic Park, Atlanta, early morning and produced lots of casualties.

In the consolation message, Kim said that he was shocked to hear the news that the terrorists' bombing yielded many casualties, and gave deep sympathy to the U.S. President, bereaved families and all Americans.

Kim added that on this occurrence, he acutely felt the necessity again for the world to firmly and jointly cope with unacceptable terrorist acts.

Meanwhile, the Ministry of Foreign Affairs has urgently established a special countermeasure team to grasp the exact situation of the bombing and provide against emergencies.

A ministry official said, "The South Korean Consulate General in Atlanta is also doing its best to catch hold of the situation. And as we know, there has been no casualty among our Olympic athletes and residents in the United States thus far."

ROK: Daily Criticizes 'Mismanaged' Olympics, Loose Security

SK2807015196 (Internet) *The Digital Chosun Ilbo*
WWW in English 1149 GMT 27 Jul 96

[Editorial: "Bombing at the Atlanta Olympics"]

[FBIS Transcribed Text] A bomb exploded at the Atlanta Olympic Park where a festival celebrating human kindness was being held. We see in this terror without a face, a new kind of war in the eve of 21st century. They are small but cruel wars occurring worldwide, such as those in the Middle East, Bosnia, Chechnya, East Timor, and so on. All are a desperate challenge by minorities with national or tribal grievances to the established borderline.

To the criminal with a fanatic and desperate convictions, warning or punishment carries little meaning. Though it may not be the best, the only countermeasure against such criminals is the resolute will not to compromise, and accumulating such resolute precedents which show that a civilized world never permits terror.

In this regard, U.S. security measures along with those at the Atlanta Olympics may have to be criticized for its looseness, compared to the Seoul Olympics. There was even an announcement that TWA 800, which went down in the Atlantic Ocean, was due to a bomb terror. Even without the bombing incident at the Atlanta Olympic Park, the organization and operation of the Atlanta Olympic Games has become the mockery of the world. Transportation, lodging, and order was mismanaged and chaotic, and only the commercialist appetite seems to be in full-swing. Now with the addition of the bombing incident, the face of the Clinton Administration was once again been tarnished. [as published] The U.S. Government should compensate the victims of bomb terrorists and take maximum responsibility for the restoration of the honor of the Olympic Games.

ROK President Receives Condolences From Clinton

SK2807092296 Seoul YONHAP in English
0918 GMT 28 Jul 96

[FBIS Transcribed Text] Seoul, July 28 (YONHAP) — U.S. President Bill Clinton Sunday sent a telegram to President Kim Yong-sam to express deep sorrow and condolence over the tragic deaths and property damage caused by the flooding which hit the country for the past days, a presidential spokesman said.

Clinton lamented, in particular, for the death of young soldiers who were buried alive in landslides on the front line bordering North Korea, describing the deaths as sacrifices for the cause of democracy and liberty which both South Korea and the United States have pursued.

The U.S. President added that his government was willing to provide any assistance it can to help South Korean recover from the natural disaster.

ROK: USTR Names ROK Priority Foreign Country

SK2707055296 Seoul YONHAP in English
0138 GMT 27 Jul 96

[FBIS Transcribed Text] Washington, July 26 (YONHAP) — The United States trade representative (USTR) announced Friday that it has decided to put South Korea on the list of the priority first country (PPC) [as received; should be priority foreign country] in a prelude to imposing unilateral trade sanctions.

Acting USTR Charlene Barshefsky, announcing the measure under the Omnibus Trade and Competitiveness Act of 1988, said that her government has tried unsuccessfully for the past six months to lift barriers which made it difficult for U.S. telecommunications equipment firms to gain access to the South Korean market.

The U.S. Government has focused its efforts on the elimination of the South Korean Government's influence on the procurement of telecommunications equipment in the civilian sectors under the Korea-U.S. telecommunications agreement, Barshefsky said.

The acting USTR also said that she has pursued transparency in imposing regulations in the telecommunications market.

She said that the U.S. Government aims to cooperate constructively with the South Korean Government to ensure that U.S. firms can easily gain access to the South Korean telecommunications market based on the U.S.' technological superiority and commercial competitiveness.

The United States is ready to begin negotiations with South Korea to resolve issues related to the wider opening of the South Korean telecommunications market, she said.

Barshefsky said, however, that the United States was not intending to use the entire one year negotiating period guaranteed by the Omnibus Trade and Competitiveness Act, adding that the U.S. was determined to employ all possible options against South Korea that are allowed under U.S. law if Seoul and Washington fail to reach an agreement on the issue.

South Korea and the United States have engaged in several rounds of negotiations in which the United States has persistently demanded that South Korea open its mobile phone and pager market further.

During the talks, the United States also complained that South Korean firms have insisted on purchasing Korean-made telecommunications equipment while making excessive demands that U.S. firms present drawings of telecommunication equipment.

The South Korean Government, however, sent a letter from Communications Minister Yi Sok-chae last week to the USTR that indicated an unwillingness to accept the North's demands, resulting in the U.S. designating South Korea a PFC.

ROK Spokesman 'Regrets' USTR Naming of ROK as Priority Country

*SK2707054296 Seoul YONHAP in English
0506 GMT 27 Jul 96*

[FBIS Transcribed Text] Seoul, July 27 (YONHAP) — South Korea expressed deep regret Saturday after the United States put South Korea on the priority first country (pfc) [as received; should be priority foreign country] telecommunications list, and threatened to retaliate if Washington imposes unilateral sanctions.

In a statement, Foreign Ministry Spokesman So Tae-won said that South Korea is going to actively consider accepting demands from the United States if they are considered reasonable but added that Seoul will take retaliatory measures against any unilateral actions taken by the United States.

So reiterated South Korea's position that the opening of its telecommunications market must be negotiated under the framework of the World Trade Organization (WTO) rather than on a bilateral basis.

"It is not appropriate for South Korea and the United States to sign a separate agreement stipulating that governments cannot and should not involve themselves in the procurement of telecommunications equipment by private firms when such a principle is clearly stated in the WTO/GATT regulations," the spokesman said.

Since last March the United States has consistently demanded that the South Korean Government provide American firms with de facto national treatment when private firms in South Korea purchase telecommunications equipment.

ROK Dailies Criticize U.S. Designation of ROK as Unfair Trader

SK2807062196

[FBIS Report] The following is a compilation of articles and editorials from ROK vernacular papers published on 27 and 28 July, in response to the United States' naming of the ROK as a priority foreign country, PPC, because

of a lack of U.S. access to the ROK telecommunications market.

The moderate MUNHWA ILBO on 27 July carries on page 2 an 800-word article by Yu Tae-hyon branding the U.S. measure "Rambo-style trade pressure." The article reports on the position of the ROK Ministry of Trade, Industry, and Energy, which cannot easily accept the U.S. demand because of the increasing trade deficit with the U.S., but which at the same time also cannot take tough countermeasures in fear of a further decrease in ROK exports to the U.S. The article predicts that ROK exports of semiconductors, steel, cars, and electronic home appliances would suffer if the United States imposed retaliatory measures. The article sees the target of the tough U.S. position as the lucrative ROK telecommunications market, which is estimated to be a 6 trillion won-market in 1997 and an 80 trillion won-market by the year 2000. The article quotes an ROK Government official, who says: "If the United States continues with unfair demands and imposes retaliatory tariffs, the ROK will consider filing a complaint with the World Trade Organization [WTO]."

The conservative CHOSON ILBO on 28 July carries on page 8 a 1,000-word article by Kim Chang-kyun in Washington titled "Unjustified Threat Aimed at a \$100 Billion Market." The article points out two problems with the U.S. claim that the ROK Government should not influence private sector procurement of telecommunications equipment: First, "it is not appropriate to sign an intergovernmental treaty over private sector procurement"; second, "the WTO is working on a multilateral telecommunications treaty, so a separate bilateral treaty is contradictory." The article notes that in the past the U.S. Government had designated PFCs on 1 April every year, but the ROK case was postponed until July due to the prolonged negotiations. The article concludes: "The United States may withdraw the PFC designation after winning some fat bids in the next few months using the PPC negotiations." However, the article does not rule out the possibility of a conflict between the ROK and the United States, citing the current stiff atmosphere.

The moderate CHUNGANG ILBO on 28 July carries on page 6 a 600-word editorial titled "Telecommunications Should Be Discussed Through Multilateral Negotiations." The editorial supports the ROK Government position to refer the case to the WTO, and deems the U.S. designation of the ROK as a PPC as being "calculated for political effect to prepare for the U.S. presidential election." The editorial states that even though the ROK is sure to win the WTO suit, WTO rulings take 12 to 18 months, and there are worries that the United States may take retaliatory measures sooner on semiconductor and car exports. If the ROK Government must make

a compromise, the editorial recommends fair competition for domestic and foreign products in the bidding, rather than accepting the U.S. demand for guaranteed purchases.

The moderate KYONGHYANG SINMUN on 28 July carries on page 3 an 800-word editorial titled "U.S. Trade Pressure is Excessive." Noting that the ROK's trade deficit with the United States in the first half of 1996 was \$5 billion, or 66 percent of the ROK's total deficit, the editorial asserts that the ROK should not be intimidated on trade issues. The editorial states that if the ROK telecommunications market appears to be a "golden market" to the United States, it should respect customer choice, yet the U.S. Government intervention is a "typical example of unreasonable trade pressure." The editorial asserts that the ROK is not a second Japan, which has large trade surpluses with the U.S. The editorial denounces similar U.S. pressure on the ROK to open the agricultural and finance markets, stating: "The arrogant trade pressure was confirmed by the arbitrary demands made during the recent visit by U.S. Commerce Secretary Kantor." The editorial concludes that the ROK, as a country in the red, should not easily make concessions in its effort to seek an optimum compromise, but should adopt an "offensive foreign trade policy."

ROK 'Will Not Accept' 'Unreasonable' U.S. Trade Demands

SK2907013696 Seoul THE KOREA HERALD
in English 29 Jul 96 p 1

[FBIS Transcribed Text] Despite the U.S. designation of South Korea as a priority foreign country (PPC) in telecommunications negotiations, the Seoul government will not accept U.S. demands if they are considered unreasonable, senior government officials said yesterday.

Should the United States impose retaliatory tariffs on Korean-made products in the event that telecommunications negotiations between the two countries would fail, the Seoul government will bring the case to the World Trade Organization (WTO) to reach an amicable settlement, said officials at the Ministries of Information and Communication, and Trade, Industry and Energy.

They said that the government plans to seriously consider demands from the United States if they are deemed reasonable, but added that Seoul will take retaliatory measures against any unilateral actions taken by the United States.

The Seoul government's position is that the opening of its telecommunications market must be negotiated under the framework of the WTO rather than on a bilateral basis, they said.

They also said that it is not appropriate for South Korea and the United States to sign a separate agreement stipulating that governments cannot and should not involve themselves in the procurement of telecommunications equipment by private firms when such a principle is clearly stated in the WTO/GATT (General Agreement on Tariffs and Trade) regulations.

Since last March, the United States has consistently demanded that the Seoul government provide American firms with de facto national treatment when private firms in South Korea purchase telecommunications equipment.

ROK: DPRK Returns Remains of U.S. Soldier Killed in War

SK2907080896 Seoul YONHAP in English
0802 GMT 29 Jul 96

[FBIS Transcribed Text] Seoul, July 29 (YONHAP) — The remains of a U.S. serviceman killed in North Korea during the Korean war (1950-53) were returned to the U.S. Forces Korea through the truce village of Panmunjom Monday morning.

The remains, found during the joint North Korea-U.S. search operations for the remains of American servicemen killed in the North during the war which began July 10, were sent immediately to Hawaii for identification.

Staff Sergeant Kim Yong-gil of the North Korean People's Army, who was rescued last Friday while drifting down the Imjin River after a heavy rain, was also returned to the North through the truce village the same day.

The North Korean soldier had been treated at a military hospital before his return. He was repatriated on humanitarian grounds because he wanted to return.

ROK Minister: No Appeasement Steps for DPRK Without 4-Way Talks

SK2907055596 Seoul KYONGHYANG SINMUN
in Korean 29 Jul 96 p 2

[YONHAP report from Hanoi]

[FBIS Translated Text] Foreign Minister Kong No-myong said on 28 July: "The ROK and the United States will not offer any appeasement gestures toward North Korea until North Korea accepts the proposal for four-way talks on establishing a peace mechanism on the Korean peninsula."

Minister Kong, who is on an official visit to Vietnam, had an informal luncheon meeting with reporters accompanying him that day and told them the above. He

then suggested: "There will still be many difficulties in building peace and easing tensions on the Korean Peninsula even after four-way talks begin."

Regarding the result of the second batch of food aid to North Korea by the United Nations, he said: "The United Nations aid to North Korea is far short of the original target, \$43 million (including money collected by the International Red Cross Society)," and added: "This amount will not be of great help in solving food problems in North Korea."

Minister Kong also said: "The ROK Government will send an approximately 40-member delegation to an investment explanatory meeting to be held in North Korea in September in connection with North Korea's plan to develop the Najin-Sonbong area."

ROK: DPRK: No 'Need' To Sign Najin Investment Accord With South

*SK2907124396 Seoul YONHAP in English
1235 GMT 29 Jul 96*

[FBIS Transcribed Text] Hong Kong, July 29 (YONHAP) — North Korea plans to sign investment guarantee and double taxation prevention agreements with Switzerland, Russia and some other countries with a view to better promoting foreign investment in the Najin-Sonbong Free Economic and Trade Zone.

"But, we do not feel the need of concluding any similar agreement with South Korea," Kim Su-yong, economics professor of Kim Il-song University, said at an investment briefing session on the special economic zone here Monday.

He suggested that steps would be taken instead to have the UN Development Program (UNDP) or the UN Industrial Development Organization (UNIDO), which supports to the Najin-Sonbong project, guarantee South Korea's industrial investment in the area.

Kim also said that South Korean industries investing in the Najin-Sonbong area would be allowed to post their technicians and managers in the area on a permanent basis, and to take personnel or craft into or out of the special district freely.

ROK Said Seeking To Expand Economic Cooperation With DPRK

SK2907000896 (Internet) The Joong-Ang Ilbo WWW in English 29 Jul 96

[FBIS Transcribed Text] The South Korean Government will reportedly expand inter-Korean economic cooperation. This includes the approval of additional businesses as participants in inter-Korean economic cooperation in order to induce North Korea into accepting a joint semi-

nar on the proposed 4-way talks. An official at the Ministry of Unification said Sunday, "There is a high possibility of North Korea notifying us of its intention to accept a seminar on the 4-way talks sometime within this week." The official added, "The South Korean Government is currently reviewing a series of expanded measures aimed at increasing inter-Korean economic cooperation."

The measures currently under consideration by the administration include 1) additional approval of businesses allowed to participate in inter-Korean economic cooperation, 2) establishment of an office by the Korea Trade Investment-Promotion Agency (KOTRA) in the Najin-Sonbong Free Trade Area, 4) abolition of the 5-million-dollar investment ceiling on North Korea and 5) participation of Korean industrialists at the investment seminar on Najin-Sonbong area sponsored by North Korea. [numbering as received]

However, the official emphasized in a comment related to food aid, "Providing grain assistance will only be discussed when the actual 4-way talks take place."

In a related front, the United States is reportedly planning to abolish some of the economic sanctions applied to North Korea in reciprocation for its acceptance of the joint seminar on the 4-way talks.

ROK: DPRK Delegation in Hong Kong for Najin Zone Briefings

*SK2707012596 Seoul YONHAP in English
0104 GMT 27 Jul 96*

[FBIS Transcribed Text] Hong Kong, July 27 (YONHAP) -- A North Korean delegation flew into Hong Kong late Friday to give a series of investment briefing sessions describing the North's Najin-Sonbong Free Economic Zone.

The delegation, led by chairman Kim Chong-u of the North's Committee for the Promotion of External Economic Cooperation, will conduct the briefing sessions for three days beginning Monday and will spend another three days meeting one-on-one with businessmen that attend the sessions, sources here said.

More than 80 companies from South Korea and Hong Kong have paid 1,000 U.S. dollars each to attend the explanation sessions, they said.

The North Korean delegation will distribute written invitations to participating firms so they can take part in the another round of briefing sessions in the Najin-Sonbong area which will be organized by the Committee for the Promotion of External Economic Cooperation, the sources said.

Businessmen who want to attend the briefing sessions in the Najin-Sonbong Free Economic Zone will also be given letters issued by the North Korean Government guaranteeing their safety in the North.

North Korea started the Najin-Sonbong Economic Zone Development Project in 1991 under the sponsorship of the United Nations Development Program (UNDP), but it has not gone according to plan mainly because of a lack of foreign currency, which makes it impossible for the North to build the necessary infrastructure in the free trade area.

The failure of South Korean firms to take part in the development project, due to heightened tensions on the Korean Peninsula stemming from the North's suspected nuclear weapon project, is another reason the project has not done as well as expected.

Kim Chong-u, who is in charge of the Najin-Sonbong development project, is expected to present investment incentives that will make the Najin-Sonbong area more attractive, sources said.

Kim is also expected to outline the North Korean Government's position on the issue of whether the North will sign investment guarantee agreements with South Korea that include clauses that eliminate the possibility of double taxation, according to the sources.

The absence of such agreements are considered to be one of the major hurdles that have effectively thwarted efforts by South Korean firms to take part in the North's free trade zone project.

At this point, foreign firms have agreed to invest 360 million dollars in Najin-Sonbong, and projects worth 34 million dollars have actually gotten underway.

ROK: North's Kim Chong-u: DPRK Plans Hong Kong Trade Mission

*SK2907080296 Seoul YONHAP in English
0746 GMT 29 Jul 96*

[FBIS Transcribed Text] Hong Kong, July 29 (YONHAP) — North Korea plans to open a trade mission in Hong Kong in the near future with a view to expanding its economic and trade relations with Hong Kong with the latter's reversion to China on July 1, 1997 in mind.

Kim Chong-u, chairman of the North's Committee for the Promotion of External Economic Cooperation, said at an investment briefing session on the Najin-Sonbong Free Economic and Trade Zone here Monday, "North Korea is promoting a plan to set up a trade mission-like agency in Hong Kong."

A Hong Kong source well versed in North Korean affairs said that Pyongyang is pushing a plan calling

for establishing a trade office in Hong Kong before September. A major purpose of the Hong Kong visit by Kim Chong-u's delegation is the establishment of a trade office, he added.

Kim, a close aide to North Korean de facto leader Kim Chong-il, who is in charge of the development of the Najin-Sonbong trade zone, declined to answer when asked if "the trade mission-like agency" will be elevated to a trade mission. But the Hong Kong source speculated that would be the eventual outcome.

"Despite their geographical proximity, North Korea and Hong Kong have made little progress in economic co-operation relationship," Kim said. "Once its sovereignty is returned to China, however, differences in institutions wouldn't matter much."

He admitted that the development of the Najin-Sonbong Free Trade Zone encounters difficulties from budget scarcity and lack in managerial experience. Claiming that they are being surmounted, however, he urged Hong Kong businesses to invest in the free trade area.

The Committee for the Promotion of External Economic Cooperation set up branches, functioning as a trade mission, in Beijing and Guangzhou in 1994 in a bid to promote economic cooperation and induce trade and investment.

The first day of the three-day investment briefing session lasting until Wednesday attracted only three foreign businessmen and some 30 South Koreans.

The North Korean delegation arrived in Hong Kong last Friday from Japan where they held similar investment briefing sessions in a few cities including Tokyo and Osaka.

Following the briefing session, which is expected to be attended by business firms from South Korea, Hong Kong, the United States and Britain, among others, the North Koreans are scheduled to hold individual discussions with those firms interested in investing in the Najin-Sonbong Free Trade Zone during the later of this week.

ROK: Soldier Returned to DPRK Through Panmunjom on 29 Jul

*SK2907053196 Seoul KBS-1 Radio Network
in Korean 0300 GMT 29 Jul 96*

[Report by An Yong-hwan from Panmunjom]

[FBIS Translated Text] Kim Yong-kil, North Korean staff sergeant rescued in Imjin River on 25 July while drifting, has been repatriated today to the North Korean side.

The ROK Defense Ministry returned him to the North Korean side at Panmunjom through the Military Armistice Commission this morning at 1100, who expressed his wish to go back to North Korea.

North Korean Staff Sergeant Kim was rescued by the ROK residents on 25 July while drifting along due to the torrential rain in North Korea and was under the custody of agencies concerned.

ROK NSP: Generational Shift in DPRK Leadership Gaining Momentum

*SK2907122196 Seoul HANGUK ILBO in Korean
29 Jul 96 p 13*

[Article by Kim Pyong-chan: "The Generational Shift Within North Korean Elite Is Gaining Momentum"]

[FBIS Translated Text] The generational shift within the North Korean power elite is gaining momentum. Following the death of Kim Il-song, the guerrilla generation (the first generation of the revolution) is rapidly losing its grip on power. This is partly because Kim Chong-il has appointed his close aides to key positions after coming to power. However, the main reason is that the majority of the guerrilla generation are dying or facing senility.

Testifying at the National Assembly Information Committee on 25 July, Kwon Yong-hae, the director of the Agency for the National Security Planning [NSP], said North Korea's key cadres, including party Secretaries Kim Ki-nam (70, director of the Propaganda and Agitation Department of the party Central Committee) and Kim Kuk-tae (72), have failed to carry out their duties due to chronic illness.

In effect, the up-and-coming forces of the second generation of the revolution rallying around Kim Chong-il are leading North Korea. This is especially conspicuous in the administration sector in which the younger faction—including Kim Chong-u (52, chairman of the Committee for the Promotion of External Economic Cooperation), Yi Chong-hyok (60, vice chairman of the Asia-Pacific Peace Committee), Yi Chol-chin (34, Japan desk officer at the Foreign Ministry), and Yi Kun (34, American desk officer at the Foreign Ministry)—are taking the lead. Lately, they have also made a strong showing within the military.

Kwon disclosed that the Security Bureau under the Ministry of the People's Armed Forces has recently been upgraded to the Security Command. Won Ung-hui, the former director of the Security Bureau who automatically acquired the position of commander, is 57 years old, North Korea's youngest top-ranking leader.

As the number of defections have increased and the number of food-related crimes have surged in recent years, the majority of public security work has been handed over from the Ministry of Public Security (police) to the Ministry of the People's Armed Forces in an effort to control the situation. This touched off speculation that the role played by Paek Hak-nim (78), the minister of public security who is also from the first generation of the revolution, has been considerably reduced compared to the larger role played by Won Ung-hui.

Opinions are also divided over the recent status of Vice Marshal Yi Ul-sol (75), a security guard commander. Yi Ul-sol, from the first generation of the revolution, has reportedly been named general manager of the Mansudae Presidential Palace [as published] where the remains of Kim Il-song lay in state; there are opposing opinions about whether Yi has been dismissed from his position as security guard commander. Those who insist he currently holds both positions maintain that since the duty of the security bureau commander is to guard Kim Il-song and Kim Chong-il, it is natural the security guard commander is also in charge of managing Kim Il-song's remains. On the contrary, those who hold the opposite opinion say it is unbecoming for Yi Ul-sol, who is a vice marshal, to be in charge of the presidential palace, and thus his appointment is in effect a demotion.

As regards this, a pertinent government official said: "There is information that Chang Song-u (63), commander of the Third Corps, has been appointed security guard commander." The official adds: "Whatever the case may be, it is certain Chang is in charge of the Security Command." Chang Song-u is one of Kim Chong-il's closest confidants and an elder brother of Chang Song-tae (50), the director of the Organization and Guidance Department of the Party Central Committee. Chang Song-tae is also married to Kim Chong-il's sister Kim Kyong-hui.

In addition to Yi Ul-sol, Choe Kwang (78), minister of the People's Armed Forces; Vice Premier Kim Hwan (67); and Paek Hak-nim, the minister of public security, have been stricken by chronic diseases and remain inactive. In particular, Premier Kang Song-san (65) has hardly shown up at official ceremonies, including the ceremony marking the second anniversary of Kim Il-song's death.

Last December, Kim Chong-il published a thesis entitled "Respecting the Forerunners of the Revolution Is a Moral Obligation of Revolutionaries." NODONG SIN-MUN also published an article on 13 July calling for "respect toward the forerunners of the revolution." This implies the first generation of the revolution is honor-

ably retreating from the front lines. A pertinent official of the Ministry of National Unification said: "The power hierarchy of the first generation of the revolution is still great, and Kim Chong-il treats them with respect. However, this is only form." He added: "In actuality, Kim Chong-il's close confidants have seized the core of power."

ROK Obtains New 'Information' On Kim Il-song's Death

*SK2807095896 Seoul SEOUL SINMUN in Korean
27 Jul 96 p 5*

[Article by Ku Pon-yong: "Information Recently Obtained by ROK Government from Japanese Official Who Returned From Visit to North Korea"]

[FBIS Translated Text] The cause of the sudden death of North Korea's Kim Il-song in 1994 has not been clearly probed until now. It is also a mystery that the official takeover of power by Kim Chong-il, who was designated a successor when Kim Il-song was alive, has been delayed, even though the second anniversary of Kim Il-song's death has passed.

As such, grasping the true in-depth aspects of the inner part of North Korea's power is as difficult as attempting to "find a hidden picture." However, ROK Government authorities have recently obtained significant information that may serve as a clue to the mystery.

On 26 July, a relevant government official revealed that "the government has obtained information that the chief manager and the head cook at the special villa [tukkak] in Mt. Myohyang — Kim Il-song's summer house — committed double suicide." This is shocking information obtained from an influential Japanese official who has recently returned from visiting North Korea. The official also revealed that immediately after Kim Il-song's death, North Korean authorities replaced all members serving in the Mt. Myohyang summer house, including members of the joy squad and bodyguards.

This official assumes that a series of abnormal movements that took place in Kim Il-song's summer house certainly has something to do with Kim Il-song's sudden death. He noted his assumption is based on the fact that since 1993, a year before Kim Il-song died, several abnormal atmospheric currents [simsangchi annun kiryu] formed within the inner part of power in North Korea.

One such current was the unexpected reemergence of Kim Yong-chu, Kim Il-song's younger brother, as vice president in late 1993, 18 years [after he was relieved

from his official post]. Kim Yong-chu has led a secluded life for a long period, ever since he was pushed aside in the struggle with Kim Chong-il over the power succession.

Kim Il-song, who turned over most of his authority and power to Kim Chong-il, began to personally handle various issues, including the nuclear problem, not to mention the economic issue, from the spring of 1994 until just before he died. While Kim Il-song was personally commanding preparations for the summit talks, Kim Chong-il was engaged in unusually quiet activities.

Furthermore, Kim Pyong-il, Kim Chong-il's half-brother who was North Korea's ambassador to Finland, returned suddenly to Pyongyang just before Kim Il-song died. This caused speculation by some people that Kim Il-song, prompted by his skeptical view of Kim Chong-il's ability to execute the national administration and grasp power, brought Kim Pyong-il to the forefront.

After Kim Il-song died, North Korean authorities announced the cause of his death as myocardial infarction. However, some raised the possibility of homicide. However, their grounds were very slight at the time.

In the meantime, another ROK Government official stated that "It appears certain that Kim Il-song died in the special villa at Mt. Myohyang, not in the presidential palace (Kumsusan Assembly Hall) in Pyongyang." It was learned that Kim Il-song convened a meeting of the party's Political Bureau and discussed impending issues, including the North-South summit, in the Mt. Myohyang summer house.

The scenario, reconstructed by the government official based on information obtained so far, was that Kim Chong-il also attended this meeting, and Kim Il-song died suddenly while exchanging heated arguments with Kim Chong-il. This scenario circulated for a while after Kim Il-song's death. Since the report of a double suicide by the responsible manager and the head cook in the Mt. Myohyang summer house was made public, this scenario has come into the spotlight again. No one is certain whether they really committed suicide or were murdered under the guise of suicide, because they had been eyewitnesses on the very spot [of Kim Il-song's death].

ROK Official: DPRK Suffering 'Serious' Damage From Rains

*SK2807010296 (Internet) The Digital Chosun Ilbo
WWW in English 1150 GMT 27 Jul 96*

[FBIS Transcribed Text] A government official, Saturday, announced that there are reports of serious dam-

ages due to torrential rains in Pyongan and Hwanghae provinces in North Korea. According to this official, for the 2 days beginning Tuesday, rainfall totalled 353 mm in Sinuiju, North Pyongan Province, 490 mm in Anju, South Pyongan Province, and from Thursday to Friday 311 mm in Haeju, and 242 mm in Kaesong. Due to such heavy rainfall, loss of lives, damages to houses, and railroad operation restriction have been reported.

ROK NSP: DPRK Officials Suffer From Heavy Work Loads, Disease

*SK2907133296 Seoul CHOSON ILBO in Korean
29 Jul 96 p 9*

[Report by reporter Kim In-ku]

[FBIS Translated Text] In connection with the recent report by the Agency for National Security Planning [NSP] that stated approximately 30 high-ranking DPRK officials have difficulty carrying out their work as a result of chronic disease, a North Korean defector from DPRK's upper class stated on 28 July: "The average age of many of the DPRK's high-ranking officials above the ministerial level is the mid-60's. Many suffer from glucosuria or liver sclerosis because of the heavy work load and the frequent heavy drinking that results from the atmosphere that if one is to succeed, they must be able to drink heavily."

Ministers from the party and the Administration Council are burdened with an extremely heavy work load, including overseeing the work of enterprises and plants within their ministries, and often have to stay overtime because they do not know when Kim Chong-il will call them or issue orders. They wait in their offices until late at night, putting in many more than their scheduled work hours, because being absent when Kim Chong-il calls can hamper their career.

In addition, officials cannot even consider an official vacation, and most barely manage to visit nearby amusement parks on weekends. Thus, they only miss work when they go through one to two months of medical treatment in a sanatorium for their sickness. The reason they cannot take vacations is that Kim Chong-il himself does not take "official vacations." Just like Kim Il-song, whenever Kim Chong-il goes on vacation, it is officially regarded as making a "local inspection." On many occasions during both his vacations and his "local inspections," he is accompanied by important cadres, and calls ministers and vice ministers to where he is to conduct their work there.

Because of this, in the late 1980's Kim Chong-il issued the following order to high-ranking cadres: "The observance of normal work hours and holidays must be abided by." However, it was hardly implemented. In

addition, cadres are encouraged to exercise by climbing stairs, using a 10-meter "simplified staircase" in their homes, but this has become useless.

ROK Daily on Kim Tae-chung's 'Veiled Sympathy' for DPRK

*SK2607062796 Seoul THE KOREA HERALD
in English 26 Jul 96 p 4*

[Editorial: "Veiled Pyongyang Sympathy"]

[FBIS Transcribed Text] The leader of the National Congress for New Politics [NCNP], Kim Tae-chung, created quite a stir this week by criticizing the Seoul government for not living up to the basic accord reached between South and North Korea in 1992. While addressing a group of senior religious leaders regarding the necessity of keeping the agreement alive for the unification of Korea, he apparently blamed the Southern government of negligence in its dealing with the North.

There's plenty of room to criticize the government for its backsliding and errors in handling Pyongyang's brinkmanship over issues including the suspicious nuclear arms program and the shipment of rice aid. But when it comes to rendering the basic inter-Korea accord for nonaggression and cooperation defunct, Seoul has never been to blame. It has actually been a victim of North Korea's treacherous efforts (on various pretexts) to scrap the agreement to serve the purposes of its propaganda or revolutionary objectives. Mr. Kim cannot duck the accusation that he has made an unfounded and unwittingly humorous comment on inter-Korean relations, reflecting a bias in favor of the derelict Pyongyang regime.

Remarks suggesting a veiled sympathy for the Communist regime in the North have led many of his fellow countrymen, including supporters of the opposition leader, to suspect his true ideological orientation. This articulate politician, as a respected leader, should clarify his stand on North Korea so as to rule out any potential misunderstandings. Earlier, he provoked a controversy by stating that the Seoul government might have done well to convey condolences to the government of North Korea upon the death of its dictator, the war criminal Kim Il-song. It is open to question whether the NCNP head is misinformed about North Korea's motives and tactics or if he simply discounts the threatening stance of North Korea as a relevant policy factor.

**ROK-PRC Foreign Minister Talks on 4-Way Talks
Viewed**

*SK2807065896 Seoul HANGUK ILBO in Korean
26 July 96 p 5*

[Article by Jakarta-based correspondent Chang In-chol]

[FBIS Translated Text] The 25 July meeting of the ROK and Chinese foreign ministers served as a chance to ask China to play a role as a final catalyst to help facilitate the holding of four-way talks.

The two foreign ministers shared the view that North Korea is close to accepting the explanatory talks in light of the fact that North Korea had made demands, including the easing of additional economic sanctions against it, as preconditions for attending the joint explanatory talks during the 23 July (U.S. time) contact between Han Song-yol, minister of the North Korean mission to the United Nations, and Mark Minton, new chief of the U.S. State Department Korea Desk. Minister Kong has reportedly requested China to exert more influence, following recent contacts with North Korea, to induce North Korea to attend not only joint explanatory talks, but also the main four-way talks.

So far, China has refrained from expressing its outright support for four-way talks although it is a party concerned in the talks. China reasons that if the ROK, the United States, and China jointly pressure North Korea, there will be only negative effects with North Korea becoming defensive. Accordingly, China has remained as an intermediary with ROK and the United States while trying to win a positive decision from North Korea.

It has been learned that China, along with Malaysia, opposed insertion of a phrase supporting four-way talks in the chairman's statement during a recent ASEAN regional forum on the same grounds as those noted above. As a result, a mild expression was inserted: "Considering the importance of peace and security on the Korean Peninsula, it is necessary to establish a peace mechanism and to maintain the current armistice system before a new peace mechanism is established." This expression was inserted instead of the expression "supporting four-way talks," since unanimous approval is required before an ASEAN chairman's statement can be adopted.

The ROK Government, however, is concerned about the possibility that the Chinese attitude may delay North Korea's decision. Government authorities point out that the recent personnel exchange between North Korea and China, as well as Chinese food aid to North Korea amounting to 100,000 tonnes, might give room for North Korea to exercise "brinkmanship diplomacy."

It is known that Minister Kong has repeatedly requested China to favorably exercise its influence on North Korea in such a way that the North will agree to attend four-way talks and improve North-South relations. China's influence over North Korea has been forged through North Korea-China contacts. Discussing personnel exchanges between the two countries afresh is another effort to have China influence North Korea in conformity with the ROK policy.

ROK: Singapore Premier Supports Four-Way Talks

*SK2707022596 Seoul YONHAP in English
0210 GMT 27 Jul 96*

[FBIS Transcribed Text] Singapore, July 27 (YONHAP) — Singaporean Prime Minister Goh Chok-tong indicated that he supported the four party meeting Saturday that has been proposed by Seoul and Washington to seek a permanent peace mechanism for the Korean Peninsula to replace the current Korean Armistice Treaty, a Foreign Ministry official said.

Goh expressed his support while meeting with South Korean Foreign Minister Kong No-myong who is on a tour of Asian countries after attending the ASEAN regional forum and the ASEAN post ministerial conference held in Jakarta, Indonesia.

Kong and Goh agreed to enhance bilateral cooperation in the Asia Pacific Economic Cooperation (APEC), the World Trade Organization (WTO) and other international forums while pledging to make joint efforts for the Mekong River Development Project, the official said who attended the Kong-Goh meeting.

During the meeting, Kong appealed for Singapore's participation in and support for the operation of the Korean Peninsula Energy Development Organization (KEDO).

Kong will fly to Vietnam later in the day for a three-day visit during which he will meet with his Vietnamese counterpart and other officials to enhance bilateral economic and political relations.

ROK Expresses 'Deep Regret' Over PRC's Nuclear Test

*SK2907083096 Seoul YONHAP in English
0823 GMT 29 Jul 96*

[FBIS Transcribed Text] Seoul, July 29 (YONHAP) — South Korea expressed its "deep regret" Monday over the latest nuclear test conducted by China prior to the conclusion on the Comprehensive Test Ban Treaty (CTBT).

In a statement by the Foreign Ministry, the government strongly urged Beijing to "sincerely adhere to its moratorium on nuclear testing effective July 30 and to contribute to international endeavors towards the early conclusion of the CTBT."

ROK: KAL, PRC Airline Fail To Agree on Pusan-Shanghai Route

SK2707042496 Seoul THE KOREA HERALD in English 27 Jul 96 p 8

[FBIS Transcribed Text] The opening of the international flight route linking Pusan and Shanghai has been delayed for months because Korean Air [KAL] and China Eastern Airlines failed to reach an agreement in key revenue allocation issue.

Under agreements made at aviation talks between the two countries, the direct regular service between Pusan and Shanghai was scheduled to open in May.

But the two companies have maintained their stances so far, showing no sign of striking compromise. Given this, the route is unlikely to open anytime soon.

"We feel regret about it," said an aviation official of the Ministry of Construction and Transportation. "But there is nothing we can do because Korea and China agreed at aviation talks to leave details to the commercial arrangements of relevant airline companies."

KAL is arguing that the Chinese carrier is demanding too many concessions in revenue allocation, in violation of the guidelines arrived at between the two countries. In 1994, airline companies of the two countries decided to adopt a "revenue pooling" system under which South Korean carriers will compensate their Chinese counterparts for an imbalance in revenues.

Making the issue more complicated is that the conditions China Eastern Airline is demanding of KAL are the same as those another Korean carrier, Asiana signed with the Chinese carrier in 1994 when they launched the regular air service between Seoul and Shanghai.

"Even though Asiana accepted the conditions, we cannot do it because, if we accept it, the route is not profitable anymore," said a KAL spokesman.

The dispute revived the all-familiar discord between the nation's ever competing two national-flag carriers.

"Asiana has set a bad precedent which greatly weakened KAL's negotiating power," claimed the KAL spokesman. "That clearly shows that Asiana still lacks negotiating skills."

Asiana countered the allegations by saying that the agreement the company accepted two years ago was the best available at that time.

"There are a number of variables to take account of. It is preposterous for the veteran KAL with a 26-year-old history to make an outright comparison with a novice carrier which is just six years old," said an Asiana official.

ROK: Cambodian King Opposes Diplomatic Relations with ROK

SK2607083296 Seoul CHUNGANG ILBO in Korean 26 Jul 96 p 2

[Report by Tokyo Correspondent No Chae-hyon]

[FBIS Translated Text] The YOMIURI reported on 25 July that Cambodian King Norodom Sihanouk is opposed to the establishment of diplomatic relations between Cambodia and the ROK under the pretext of his "friendship" with Kim Il-song.

According to the report, Sihanouk said in a statement issued on 24 July: "I cannot betray President Kim Il-song and his successor Kim Chong-il," and added: "Even if an ROK Ambassador is accredited to Cambodia in the future, I will not accept his credentials."

Making sarcastic remarks about Prime Minister Hun Sen's recent visit to the ROK, the king also said: "'The pro-ROK faction' should have waited until after my death to pilot the establishment of diplomatic relations with the ROK."

The ROK and Cambodia are proceeding with official procedures for diplomatic relations, such as agreeing in May to set up missions.

Sihanouk cemented his friendship with Kim Il-song in the 1950s and has been greatly indebted to North Korea during his exile in the 1970s when he stayed at a summer residence in the vicinity of Pyongyang which Kim Chong-il had provided.

ROK: Kim Yun-hwan Reelected ROK-Japan Parliamentary Union Head

SK2707042596 Seoul YONHAP in English 0116 GMT 27 Jul 96

[FBIS Transcribed Text] Seoul, July 27 (YONHAP) — Rep. Kim Yun-hwan of the ruling New Korea Party (NKP) was re-elected Seoul-side co-chairman of the Korea-Japan Parliamentarians Union at its secretaries meeting Saturday.

Rep. Yang Chong-kyu of the NKP was also re-elected Seoul-side chief secretary of the union at the meeting held at the 63 building in Yoido, with some 60 ruling and opposition lawmakers attending.

The union members decided to convene the 23rd joint Korea-Japan Parliamentary Fraternity Group meeting in Cheju from Sept. 18 through 20.

They resolved to make every possible effort to build genuinely cooperative relations between South Korea and Japan by resolving pending bilateral issues and successfully co-hosting the 2002 World Cup finals in their countries.

ROK Finance Minister on Foreign Direct Investment

*SK2607051996 Seoul THE KOREA TIMES in English
26 Jul 96 pp 1, 2*

[Article by Na Ung-pae, deputy prime minister and minister of finance-economy, on ROK's policy on foreign investment; date not given: "Changes in Ideas About Foreign Investment Urged: Korea Seeks Foreigner-Friendly Milieu" — first paragraph is THE KOREA TIMES introduction]

[FBIS Transcribed Text] The Korean government has unveiled many deregulatory programs to improve the investment situation for foreigners doing business here but they have not completely satisfied foreign companies. The Ministry of Finance and Economy (MOFE) has recently come up with a set of eye-opening improvement plans. The following article has been contributed to The Korea Times by Deputy Premier and Finance-Economy Minister Na Ung-pae, the nation's top economic policy maker, to explain the administration's policy on foreign direct investment.

The world has been integrating at a rapid pace. Global management, a management that aims at placing production facilities around the world for greater profitability and competitiveness, has emerged as a necessary and essential strategy for survival in an ever more competitive international market.

In particular, the rapid development of telecommunication technology, the proliferation and expansion of information and the successful launch of the World Trade Organization are factors further accelerating the process of globalization in corporate activities.

In such a global environment, the place of production will be more important than nationalities of corporations. Therefore, foreign investment will play a big role in the development of a nation's economy as the domestic firms by creating jobs, paying taxes and transferring technology.

Due to these circumstances, many countries are working hard to attract foreign direct investment. It is quite natural that many countries are using all of their means and resources at their disposal to ensure foreign

companies succeed in their domestic markets, because they know that the success of foreign firms has a direct link to domestic economic benefit.

Such enthusiasm for the promotion and encouragement of foreign direct investments is not a phenomenon prevalent only in newly industrialized countries and developing economies.

Developed nations such as the United States and Great Britain allow foreign investors to use their industrial complexes at little or no cost, showing their genuine interest in promoting and encouraging investment from abroad. It is clear that the level of foreign direct investment has become a barometer to evaluate a country's overall investment environment and growth potential.

Recently, Korea has seen a large increase in foreign investment in its economy. However, when taking into consideration the nation's economic size and performance, foreign investment still constitutes a small portion of the Korean economy.

This is partially due to Korea's implementation of an indigenous economic development policy for a long time, resulting in the Korean economy not aggressively promoting foreign direct investment. However, indigenous economic policy is no longer a valid practice in today's world economy. By implementing the Segyehwa policy, the Korean government plans to bring Korea to the forefront and center of world economic activities by conforming its practices, policies and attitudes to international norms. The extent of actual foreign investment participation will no doubt be a criterion used to determine the success of the government's globalization efforts.

Korea needs to make improvements in certain areas of its economy. To make improvements in the Korean business environment, there has to be a continuous and wholehearted willingness to transform today's high-cost-and-low-efficient economic structure into a low-cost-and-high-efficient one. This will be achieved through deregulation, establishment of more productive labor-management relations, and expansion of public infrastructure.

From now on, the government will also continuously work hard to eliminate barriers and obstacles that particularly make living and doing business difficult for foreigners. Not only will our laws and regulations be more transparent but policies and regulations that discriminate against foreign businesses will also be abolished. Furthermore, the government will make arrangements so that all administrative procedures for investment can be handled in one place.

At the same time, the government will make efforts to extend help to foreign investors facing problems on a case-by-case basis. Along with making improvements in the domestic business environment, the government will strive to improve living standards for foreigners so that Korea can become a "foreigner-friendly" nation. Currently there are plans to increase support for the establishment of an international school. From this December, an exclusive cable television service will be launched for foreign residents in this country.

Furthermore, the government will allow "same-day" publication of reputable foreign newspapers and publications. The Korean central government will continue to expand its financial support to regional governments so that they can be aggressive in promoting foreign direct investment for their respective regions.

Finally, there is an urgent need for us to change our perception about foreign direct investment. In a global era, we should be able to call foreign firms situated in Korea our own. Additionally, this should be complemented through genuine efforts made by Koreans to be more helpful and cooperative towards foreigners living and working in Korea.

As the number of Koreans making these efforts increases, Korea will not only become an attractive place for foreigners to invest, but also Korea's globalization and advancement will be accelerated.

ROK Construction Firms Undertake Urban Projects Overseas

*SK2607062496 Seoul YONHAP in English
0558 GMT 26 Jul 96*

[FBIS Transcribed Text] Seoul, July 26 (YONHAP) — South Korean construction firms have recently begun making inroads into foreign construction markets in increasing numbers now that the domestic construction market is in a slump, and a number of them have been successful in obtaining contracts for large housing development projects.

According to the International Contractors Association of Korea and industry sources Friday, large Korean builders such as LG, Dong Ah, Daewoo and Chonggu have either already begun housing development projects or are in the process of beginning them, on sites ranging from 990,000 square meters to 6.27 million square meters in Vietnam, Indonesia, and Australia.

Daewoo in particular, is studying a huge project to build a new city with an industrial complex for high-tech industries on a 6.27 million square meter parcel of land northwest of Hanoi.

Daewoo also has been discussing a project with Hanoi municipal officials that involves jointly developing three or four urban areas north of the Red Hong River.

Chonggu Housing and Construction Co., in the meantime, is about to sign a contract with the Gold Coast state in Australia to build 467 luxury residential houses on a 924,000 square meter site. The construction firm is going to invest 70 million U.S. dollars for the project. The company has already submitted a project application for the state's approval.

Chonggu also plans to renovate an 18-hole golf course already in operation near the commercial district of the town.

Dong Ah is already developing a 1.4 million-square-meter residential complex in Gold Coast state, complete with a 18-hole golf course, 400 apartments and condos, and 450 luxury houses at a total investment of 180 million dollars.

The complex will be built in three stages. The first stage includes a golf course and 150 luxury houses and is scheduled to be finished in 1998, while the other two will be completed by 2000 in time for Sydney Olympics.

LG Construction, together with its affiliate LG Trading, has decided to develop a 4.12 million square meter residential area in a suburb of Jakarta.

LG construction is slated to invest 790 million dollars by 2011 to build and sell residential houses, commercial arcades, theme parks, and other supplemental facilities.

ROK President Kim, First Lady Begin 10-Day Summer Vacation

*SK2607084496 Seoul YONHAP in English
0736 GMT 26 Jul 96*

[FBIS Transcribed Text] Seoul, July 26 (YONHAP) — President Kim Yong-sam left for the Chongnamdae presidential summer house Friday afternoon for a 10-day summer vacation, accompanied by first lady Son Myong-sun and other family members.

During the longest summer vacation he has ever taken since he took office in March 1993, Kim is expected to contemplate the cabinet reshuffle that will follow the establishment of the Ministry of Maritime Affairs, the coming regular National Assembly session, the economy, the four-nation meeting proposal and related North Korea policies and new diplomatic initiatives.

He will return to Seoul on August 8.

ROK President Returns to Seoul for Rain Damage Briefing

*SK2707120196 Seoul YONHAP in English
1155 GMT 27 Jul 96*

[FBIS Transcribed Text] Seoul, July 27 (YONHAP) — President Kim Yong-sam returned in haste to Chongwadae [presidential offices] Saturday evening, revoking his summer vacation at Chongnamdae, to receive reports on the current situation of disasters caused by a torrential downpour hitting the provinces of Kyonggi and Kangwon.

Inundation of Kyonggi, especially Yonchon County, yielding 53 civilian deaths and landslides nearby the border in Kangwon, claiming 21 military lives, prompted the chief executive to come back to Seoul in a hurry.

Kim will be briefed from the Central Anti-Disaster Headquarters on the overall situation of a series of calamities, and order his cabinet to do their utmost in lifesaving and restoration works.

Yun Yo-chun, a presidential spokesman, said, "As flood damages become more serious than expected, President Kim returned to Seoul in order to grasp the situation and give instructions to cope with them."

ROK: Court Announces Concluding Dates for Chon-No Trials

*SK2607084596 Seoul YONHAP in English
0641 GMT 26 Jul 96*

[FBIS Transcribed Text] Seoul, July 26 (YONHAP) — As the Seoul district court decided to conclude the trial of former Presidents Chon Tu-hwan and No Tae-u and their cronies on mutiny and treason charges on August 5, the prosecution's special investigation office on the army's mutiny on Dec. 12, 1979, and the armed suppression of Kwangju citizens' uprising for democracy in May the following year will drop the requests it made to the court for 23 citizens to appear in the trial as witnesses.

As a result, those bearing witness to the prosecution's charges in the trial will now number 54, including those who have already given, and agreed to give, their evidence in the court hearings.

An official of the special investigation office said because the court announced during the 24th hearing of the mutiny-treason case that it would adjudicate the case August 5, it would be virtually out of the question for the court to have those who have not yet agreed to give their evidence in the witness box.

The court will hold a hearing for seven witnesses, including Gen. Chong Sung-hwa, Ret., former army chief of staff, next Monday and another for seven others next Thursday.

ROK Editorial Expresses Concern Over Leaked Military Secrets

SK2607035196 (Internet) The Digital Chosun Ilbo WWW in English 1206 GMT 25 Jul 96

[Editorial: "Military Secret Leakage Cover Up"]

[FBIS Transcribed Text] It is reported that Yim Chae-mun, Commander of the Defense Security Command [DSC], has said in response to questions put to him in the National Assembly concerning the recent leakage of military secrets to Samsung Aerospace that in light of the fact that there is no evidence that money changed hands and the fact that there is no suspicion that high ranking officers were involved there will be no expanded investigation into the matter.

We believe that the investigation should begin straight away. However the DSC has concluded simply that, after tracing the source of the documents, which contained the military secrets, which were found in a clothes store and reported to authorities by a member of the public, the secrets were simply supplied by officers of the Ministry for National Defence to officials of Samsung Aerospace, no more and no less.

Many questions must be raised and investigated. How did Samsung obtain the documents and what was its ultimate objective? In the process did lobby funds change hands and, if so, in what amount? Were there any other military officers involved other than those arrested? Are there any other enterprises which have been involved in acquiring military secrets apart from Samsung Aerospace? There is no trace of the answers to any of these and many other questions which necessarily arise in light of the incident. When one considers the means by which contact took place between the military officers and Samsung officials, who themselves were intentionally hired due to their previously having held positions of authority themselves within the Ministry of National Defence, the scenario resembles that to be found in a James Bond plot. Furthermore, one becomes very suspicious when it is reported by the DSC that there is no possibility that money was involved in the unlawful exchange of 120 documents containing a myriad of classified military information, including seven documents formally classified as secret.

The officers who supplied the documents did so in the full knowledge that should they be detected they would no only be stripped of their rank and position but face jail terms. Accordingly, it is not convincing

to suggest that those involved were prepared to hand over the secrets simply out of kindness towards their former colleagues who had requested the documents. The organization which obtained the documents is a large conglomerate with unlimited capital reserves and there is every chance that it has been involved for a long period of time in the illicit, systematic acquisition of military secrets. It is also hard to accept that no other superior military officers have been involved in leaking classified information.

In view of the fact that this incident is capable of shaking the roots of our national security, a thorough investigation should be carried out leaving no stone unturned. If this done then future similar incidents can be prevented. What what can be extracted clearly from all of this is that if the DSC attempts to play down the significance of the incident and brush over it superficially without conducting a proper investigation then distrust such conduct will ignite distrust of the people inviting ultimately a deep inner systemic sickness to spread.

ROK Defense Firms Made 38.2 Billion Won in Illegal Profits

SK2707042696 (Internet) The Digital Chosun Ilbo WWW in English 1206 GMT 26 Jul 96

[FBIS Transcribed Text] The Central Investigation Department of the Supreme Public Prosecutor's Office announced Friday that it has confirmed that four companies, Daewoo Heavy Industries, Tongmyong Heavy Industries, Ssangyong Heavy Industries and Hyundai Precision Engineering, made illegal gains totalling 38.2 billion won during the period 1991-1995 by manipulating base cost prices such as by overcharging personnel costs by up to 20%.

Daewoo made gains of 26.2 billion won, Tongmyong 7.0 billion won, Hyundai 3.5 billion won and Ssangyong 1.5 billion won.

Prosecutors said that they have also confirmed that one military officer and 16 public servants in the Ministry for Defence received 2-20 million won respectively in the same period. The prosecutors said that no further illegal activities or incidents of bribery had been confirmed.

ROK: Hanbo Steel Charged for Excessive Payment Guarantee

SK2707050096 Seoul THE KOREA TIMES in English 27 Jul 96 p 9

[FBIS Transcribed Text] The Fair Trade Commission (FTC) plans to levy up to 6,580 million won in fines on Hanbo Steel for the excessive amount in payment guarantees it has provided for sister companies.

On April 1, Hanbo Steel had payment guarantees of 65.8 billion won above the legally-authorized amount,

or two times shareholders' equity capital. It now faces a fine of up to 10 percent of the excess payment guarantee amount, the commission said.

The commission said a total of 14 companies linked to seven business groups, including the New Core Department store, Hansol, Ssangyong, Hanil, Doosan Daelim and Hanbo had payment guarantees above the limit.

But except for Hanbo Steel, all of them will be given one to three years to reduce them below the limit either because they have newly entered the top 30 chaebol rankings or because their payment guarantees increased due to a reduction in capital, an FTC official said.

The official said over the past two years to April, the top 30 chaebol had trimmed their combined cross payment guarantees by 85.4 trillion won to 35.2 trillion won.

The ratio of cross payment guarantees to capital fell to 55.9 percent this April, down from the 342.4 percent in April, 1994.

If all payment guarantees, including those excluded from the FTC's calculations, are included, the ratio is 107.3 percent for a total figure of 67.5 trillion won, it said.

Two years ago, as many as 170 companies had payment guarantees beyond the legal limit but this April, the number had fallen to 14, it said.

The government has been prodding the 30 chaebol to reduce combined cross payment guarantees below the two times equity capital figure. The measures are intended to improve the financial health of each chaebol subsidiary.

ROK BOK: 48.3 Percent of South Korean Women Hold Jobs

SK2607040596 (Internet) The Joong-Ang Ilbo WWW in English 26 Jul 96

[FBIS Transcribed Text] It was found that a prominently high number of Korean women quit their jobs upon marriage in order to keep house and raise children. According to the Bank of Korea (BOK), the rate of participation in economic activities by Korean women (the proportion of women either with a job or preparing to seek employment out of the total number of women over the age of 15) reached 48.3 percent last year. This is lower than that of advanced countries including the United States (59.3 percent) and Japan (50 percent). Women between the ages of from 20 to 24 showed the highest rate of participation with 66.1 percent, which fell sharply to 47.8 percent for those between the ages of from 25 to 29. The figure then increased to the 50 percent level for the women over the age of thirty.

Burma

Burma: Paper Criticizes Foreign Interference in Local Affairs

*BK2607153696 Rangoon KYEMON in Burmese
25 Jul 96 p 6*

[Article by Maung Saw Tun: "More Faithful to a Foreigner than One's Own Nationality"]

[FBIS Translated Excerpt] The citizens of Myanmar [Burma] are striving in accordance with set political, economic, and social objectives to develop their country into a modern and developed nation. We will have to strive for at least 10 years to catch up with the neighboring countries. Myanmar was liberated from servitude under the British in 1948. Although the British granted independence to Myanmar, it created strife among the people. The civil war followed independence because of imperialist instigations. [passage on bloodshed and destruction in post-independence era omitted]

Not only the British, but its twin, Ngapwagy [derogatory reference to United States] — the neocolonialist — is actively creating division in the present time. It is instigating the people to fight among themselves to ensure there is no unity in Myanmar. As colonization through war is no longer in vogue, Ngapwagy is resorting to raising followers through ideological domination. They chose a person who would accommodate their desires as the leader. They want a government that is desirable to them. Ngapwagy interfered in the affairs of Myanmar on a large scale during the period of civil war by raising its hardcore supporters, spies, agents, and touts. Ngapwagy wants to secure a firm base in Myanmar in order to suppress the People's Republic of China which could become a superpower based on its population. Myanmar is a strategic country for Ngapwagy. It blatantly interfered without observing the norms of a major country.

Myanmar's history has recorded evidence of Ngapwagy's activities in the country. During the events of 1988, Ngapwagy's plenipotentiary and extraordinary ambassador interfered in an ugly manner without observing the conduct of an envoy. He was seen among the mob engaged in beheadings, murder, and creating terror. The uncontrollable and anarchic masses, who had lost their human decency, were dubbed as those peacefully demanding democracy. The daily agenda for unrest and disturbances were broadcast by its broadcasting stations.

The ambassador was indeed quite exhausted organizing and trying to form an interim government. He held numerous discussions with Bogadaw [wife of a Westerner, referring to Aung San Suu Kyi]. He tirelessly met with so-called leaders of the democratic movement.

An ambassador, who represents the citizens of his country, the president, and the nation, should have dignity and follow accepted international norms. However, he [U.S. ambassador] was engaged in a low class activity which does not even suit the level of a garbage collector. He brazenly insulted the host country by engaging in acts detrimental to the host country which provided him protection. The country was put to torch by selecting imperialist lackey axe handles and national traitors as leaders. The charge d'affaires ad interim who came after him, the so-called Madam [apparent reference to Ms. Marilyn A. Meyers] watched the monkey show [apparent reference to Aung San Suu Kyi's weekend gatherings]. She sat in the front row and cheered dance show, magic show, and snake charmer show [referring to events organized by opposition] and declared these events as genuine democratic meetings. Such blatant lies were made. These Ngapwagyis are trouble makers, indeed.

Cases of blatant external interference are taking place because of these so-called pro-democratic axe handles — those who have loyalty and love toward a stepfather rather than their own father and those whose blood has been tainted. The axe handles — so-called Myanmar nationals working with foreign broadcasting stations abroad — are also instigating verbally and causing the people of Myanmar to fight among themselves. They are heartily encouraging famine and poverty among the people of Myanmar and persecution by foreigners instead of preserving the prestige of the race. Every time Ngapwagy gives an ultimatum to Myanmar they happily howl over the air waves and report incessantly with gusto. These axe handles who are full of defects are betraying the race in return for the mere crumbs they receive.

The Bogadaw, alias the so-called democratic leader, who is in Myanmar for a temporary period and who is dancing to the tune of the imperialists, carries on insulting the race that the Myanmar people could no longer tolerate. She often reports to the relatives of her spouse [foreign governments]. What is worse than her complaints is her effort to impoverish the entire Myanmar masses by appeals not to give assistance to Myanmar and not to visit Myanmar for Visit Myanmar Year. She keeps on clinging to the legs of Ngapwagy who, being related, threatens Myanmar every now and then to appease her. Ngapwagy has experience as a major power which is capable of discerning right from wrong. And yet, it continues to take sides and remain one-sided and accept wrong as right and vice versa. Some countries are not entirely free from Ngapwagy's influence. They think in the era of dollar they can overcome difficulties by throwing dollars. This

method may be successful in other countries, but in Myanmar, where the prestige of the race is protected and safeguarded, it will be in vain. [passage criticizing Aung San's Suu Kyi's marriage to foreigner omitted]

Burma: ASEAN's Constructive Engagement Viewed

*BK2607144796 (Internet) BurmaNet News in English
20 Jul 96*

[Article: "Is the ASEAN Really Constructive?" by Dr. Naing Aung, chairman of the All Burma Students' Democratic Front]

[FPIIS Transcribed Text] In 1988, the Burmese military brutally crushed the mass uprising and calls for democracy by its people; took over the reins of government; and renamed itself as SLORC [State Law and Order Restoration Council]. The ASEAN countries have since recognized SLORC. Soon after Thailand initiated the Constructive Engagement Policy towards Burma, which the ASEAN subsequently adopted. Under this policy, the ASEAN countries are to keep a warm relationship with SLORC, so that the grouping can encourage SLORC to make reforms for the country's development.

From the beginning, the concept of constructive engagement policy is in open clash with the democratic forces worldwide. Partly, the difference is based on ideology, and partly, it is based on the ASEAN's vested economic interest in Burma. Therefore, the arguments in favor of the constructive engagement policy deserves a close look.

(1) That the economic development takes priority over the political development.

The ASEAN holds that the economic development of a country is the pre-condition for its political development; therefore, developing the economy takes first priority; and engaging SLORC to help Burma develop economically will eventually lead to the country's political development. Even if this line of thought holds true, the ASEAN so far has not done anything substantive towards the kind of economic reforms Burma needs. What it has done so far results more in its own benefits? The genuine economic progress for Burma will come about only when its political system makes fundamental changes required by a healthily progressing economy. Such measures as developing key infrastructures and human resources, sound public sector planning, and stopping the State/military from taking gross advantage in various sectors of business, are some of the policies that will propel Burma towards a true and sustainable market-oriented economy. Such measures call for the kind of government that puts the national interest above self-enrichment, and SLORC's vision of future Burma

political system is not conducive for such governments to come into power. The ASEAN can argue that their countries have managed to bring about economic development despite restrictive political environment. However, the dimensions and magnitude of political conflicts in Burma is too great even to let any real economic development takes root. As any ordinary Burmese can tell, the economic hardship despite a number of direct foreign investment during the last few year, has been the worst since 1962 military take-over. One reason for such economic disaster is because the lion's share of the benefit goes to financing the country's armed forces and to the private hands of its masters and their families, whereas it should have been to developing the country's human resources, for example. The ASEAN's economic engagement with SLORC does not lead to real economic development of Burma and its people, although it does lead the ruling junta towards the insatiable taste for power and money. Therefore, the ASEAN's economic engagement is not constructive for Burma and its people; it is only beneficial for the ASEAN countries to take advantage of its vast natural resources, cheap labor and largely untapped market.

Then, there is the question of citizen's right and dignity. Should they be sacrificed in the name of the economic development? Would the economic policies of a government represent the interest of the people if those people have no say in the government? True, meeting the basic necessities of life is all important. But for many people, earning these necessities of life in a dignified way is just as important. Giving incremental right and dignity to the citizens means not fully recognizing it in the first place; it means gauging the citizen's resignation to a government's domination.

(2) That SLORC is the ruling government and close relationship with it is instrumental to the influence on its behavior.

Establishing relations with SLORC can be seen as a normal practice in international relations as it is presently the government in power, de facto though it may be. However, this close relationship has not been instrumental in securing the release of Daw Aung San Suu Kyi a year ago, nor has it been in securing the release of NLD [National League for Democracy] party MPs recently. In fact, there has been no incidence where the close relationship with SLORC has affect its behavior for the better. On the other hands, here are many incidence of the ASEAN either saying nothing which is tantamount to approval in SLORC's eyes at least, or saying in defense of SLORC. The few instances in which individual ASEAN countries speak out against the unacceptable

behavior of SLORC do come up from time to time though. Being close only to SLORC without any real recognition of the appeals made by the NLD, the party with overwhelming and legitimate public mandate, the ASEAN has become oblivious to the genuine desire of Burma's people. Instead, the ASEAN is attentive only to the desire of Burma's people. Instead, the ASEAN is attentive only to the desire of Burma's junta. (Accepting Burma into the group and thereby giving it the much-wanted legitimacy is one such example.) The ASEAN's constructive engagement would be lacking the essence without engaging the NLD as well.

(3) That the development of democracy in Burma is its internal affair and the ASEAN should not interfere in its development.

The birth of a political system that represents the people, is based on the people and is for the people, is good for that country and it inevitably good for the world. This is the ideology that knows no boundary and limitation. It is really a blessing for someone, some nations to be in a position to offer a helping hand to a less fortunate ones' struggle towards a better future, rather than just standing by with indifference. Nonetheless, in this era of global village, it is hardly possible to stay completely aloof. Ties in various forms will interact. Economic ties will end to support political ties. Economic support to a government as lacking its people's support as SLORC's is equivalent to its standing politically. Is it not interfering in Burma's internal politics? Given such interrelations, is it not safe to say that the birth of democracy in Burma is also in the good interest of the world community?

Behind the facade of maintaining that development of democracy in Burma is its internal affairs, one underlying reason for this stand is the ASEAN nation's acceptance and practice of soft authoritarian rule to varying degree despite their varying levels of democratization. Should Burma become a full democracy, the wave would be more or less felt by their own populace. Helping Burma gain full democracy will inevitably expose most ASEAN members' irony in handling democracy in their own countries.

(4) On the issue of regional security and stability

One of the ASEAN's main concerns is the regional peace and stability. In the case of Burma, the ASEAN thinks that engaging SLORC will help attain it. The unspoken point of consideration under this thinking is the relationship between China and SLORC. China is a super power and it is giving SLORC its full backing. The ASEAN does not want to run the risk of turning SLORC into China's arms by leaving it alone. Also, the ASEAN does not want to strain its relationship with

China on Burma issue. It seems these are the real causes of concern for the ASEAN's engagement with SLORC for regional peace and stability.

On the other hand, the ASEAN has not given any thought on what the NLD-led democratic forces think about future Burma's relationship with China. The NLD has already declared that it would practice an independent and progressive policy of neutrality. The mass majority of the people of Burma as represented by the NLD, does not want foreign invasion of any kind, nor it wants to be hostile towards and foreign country, be it from the East or the West.

Engaging also with the NLD-led democratic forces can clear up any undue concerns for the ASEAN. One-sided engagement with SLORC for regional peace and stability does not seem to be a balanced proposition.

Another point to consider is how Burma can contribute to the region's peace without first achieving its internal peace. The mass exodus of Burma's refugees in all directions of the country's borders, is the living proof of how it cannot. This is the proof is how lack of internal peace in Burma will affect the region's peace and stability. Vast disparity and repression economically and politically has driven all these people away. SLORC's handling of internal conflicts by force has failed to achieve peace in the country. Fundamental changes in current Burma's political system are essential for ensuring peace in the country. We have not yet seen how the ASEAN's constructive engagement policy will help achieve internal peace in Burma. We have seen only the worsening peace process in Burma because of SLORC's misguided arrogance fueled by the regional support both economically and politically it believes it has gathered.

(5) Pressures or persuasion towards SLORC

One argument for constructive engagement policy is that pressures in the form of sanctions cannot be effective for it will only worsen the ordinary citizen's life; thus, it is better to exercise gentle persuasion instead. We have to look into the history of modern Burma to see if this argument can be valid. During the 26 years from 1962 to 1988, Burma practiced closed-door policy started in 1988 [as received], the people of Burma experienced even more hardships and repression in the form of monopoly, market manipulation, corruption, favoritism, and nepotism to the extent not known before. So, will the sanctions hurt the ordinary people of Burma. It might to some segments of the population. However, it will not make a big dent on the whole population already used to increasingly worsening economic situation. The long experience of isolation and hardship since 1962

has prepared the people of Burma to subsist on what's available in the country without depending on foreign money. However, SLORC has comparatively few years of experience managing the country's wealth. It is not yet prepared to face strict economic isolation and tough sanctions in its existence. Economic pressures will definitely undermine its administration. For vast majority of the people in Burma, economic pressure will definitely undermine its administration. For vast majority of the people in Burma, economic pressures will mean a worthwhile investment.

After all, economic hardship had gotten greater for the vast majority since the foreign investment came in 1988. It seems, lack of it might be better off.

One other question is whether it can be effective without China's participation. It seems China's participation will not matter much since China itself is still in the process of constructing its own economy and it is not in a position to put economic pressure on Burma. Besides, China does not have considerable investment in Burma. Border trade is about the main activity going on between China and Burma. China alone certainly cannot support Burma's economy. The ASEAN is in a position to explain to China, its dialogue partner, the need for economic pressure in Burma.

All application of economic pressure on Burma, refers only to the duration of bringing about a viable political settlement in Burma. It will not be forever. We appeal to the ASEAN and the world community to cooperate in this important endeavor that will help restore true peace and stability in Burma.

If the ASEAN chooses to do so, the time for mutually beneficial economic cooperation from Burma will eventually come sooner. The ASEAN can do with a clear conscience that the economic pressures it helps out on SLORC will not hurt the people of Burma as much as it hurts SLORC. Doing so will help put real meaning to the ASEAN's constructive engagement policy.

Constructive or Destroy?

Now is the crucial time for SLORC. It is trying its best to secure its hold on power long term. It is forcing its version of national constitution which would guarantee the military's dominant role in the nation's politics. On the economic front, it is keeping Burma's national income and resources for the military and its elites.

The people of Burma, the NLD and other democratic forces, do not approve of such mishandling of Burma's income and resources by SLORC. And, SLORC thinks that silencing the people and the NLD-led democratic groups by force, at the same time legitimizing itself with a forced constitution, will ensure its hold on

power and be able to continue its abuses unabated. It is unfortunate for the people of Burma that the current policy the ASEAN holds towards Burma is serving against their best interest. On behalf of the people of Burma, we earnestly appeal to the ASEAN to review the constructive engagement policy.

Burma: Suu Kyi Addresses 4,000 Supporters in Rangoon

*BK2707131496 Hong Kong AFP in English
1304 GMT 27 Jul 96*

[FBIS Transcribed Text] RANGOON, July 27 (AFP)—Burmese opposition leader Aung San Suu Kyi told supporters outside her residence here Saturday that going to jail for one's beliefs is a sacrifice worth making, as the official media called for her re-arrest.

Addressing a crowd of some 4,000 supporters in heavy rains outside the house where she was held for six years, Aung San Suu Kyi said: "We go to jail as a sacrifice for our beliefs ... this is something to be proud of ... not to be embarrassed about."

The comments followed a call for the arrest of the Nobel Peace laureate, who heads the main opposition National League for Democracy (NLD), in Saturday's state-run Mirror daily.

An open letter published in the people's forum section accused Aung San Suu Kyi and her "rabble" of blatantly violating a law passed last month that prohibits political activity judged to obstruct the military government's national convention to frame a new constitution.

"One woman and her cohorts are taking advantage of the broad-mindedness of the authorities by blatantly defying the law to hold public meetings every weekend," said the letter, sent in the name of a "patriot."

"It is time to take legal action by arresting this woman and her cohorts as well as the rabble who go to listen to her speeches," it said.

The law, passed after more than 250 NLD delegates were rounded up by the military in advance of a party convention in May, threatens jail terms of up to 20 years.

Burma: SLORC Suspends Aid to Armed Groups

*BK2707113396 Oslo Democratic Voice of Burma
in Burmese 1430 GMT 26 Jul 96*

[FBIS Translated Text] On 18 June in Rangoon, Bo Khin Nyunt, secretary-1 of the SLORC [State Law and Order Restoration Council], met with the Wa group, the Kokang group, Mahtu Naw's group from the Kachin Brigade-4, Za Khung Ting Ring's group from the Burma

Communist Party's 101st Military Region, and groups from three other organizations. All these groups signed a cease-fire agreement with the SLORC.

It has been learned that Bo Khin Nyunt told the groups at the meeting that the SLORC will no longer be able to provide them with assistance — food, medicines, and clothing. He told the groups this has been decided because the SLORC is facing supply difficulties. That is why these groups must now seek assistance on their own, he added. In seeking assistance, the groups can contact ASEAN countries but not Western nations, he said.

During the cease-fire negotiations with these ethnic armed groups, the SLORC was concerned that it might not be able to reach agreement with the groups; therefore, it promised to provide them with assistance — food, medicines, and clothing. Now, however, the government is unable to provide sufficient supplies and medicine to its armed forces units, whose personnel exceeds 300,000. At the moment, the members of the armed groups that signed a cease-fire agreement with the SLORC number nearly 100,000; therefore, providing assistance to them is a burden on the SLORC. That is why Bo Khin Nyunt has refused to provide these groups with assistance.

Previously, the SLORC did not accept the idea of individual groups' seeking assistance from abroad. During the meeting with the Kachin Independence Organization, KIO, the SLORC rejected the KIO proposal in which the KIO said that it would not receive assistance from the SLORC but would seek assistance from an individual NGO [nongovernmental organization] in foreign countries.

Analysts say that while the SLORC is shouting about not relying on foreign elements and saying that those who rely on foreign elements are traitors to the nation, it is, behind the scenes, telling the armed groups that signed the cease-fire agreement to seek assistance from abroad. This shows that the SLORC says one thing and does another. Observers say that there is a possibility that the relationship between the SLORC and the armed groups that signed the cease-fire agreement will gradually deteriorate due to the suspension of aid; and that this will also affect the SLORC's National Convention.

The SLORC does not allow the armed groups in question to participate in a political movement. It has also been learned that Bo Khin Nyunt delivered to these armed groups a letter ordering them to not get involved in any political movement and to have no contact with the NLD [National League for Democracy] led by Daw Aung San Suu Kyi. On 5 July, Bo Khin

Nyunt personally ordered the KNU [Karen National Union] delegation (that has not reached agreement with the SLORC) not to make contact with Daw Aung San Suu Kyi's group.

DVB [Democratic Voice of Burma] correspondent Soe Win Nyo filed this report.

Burma: Tin U Urges People To Oppose, Remove Destructive Forces

BK2807155196 Rangoon TV Myanmar Network in Burmese 1330 GMT 28 Jul 96

[FBIS Translated Excerpt] The opening of the new Taunggyi-Hpamon railway line, a section of the new Shwenyaung-Namhsan railway line in Shan State, was held at a pavilion at the Taunggyi Railway Station at 0800 yesterday. General Maung Aye, State Law and Order Restoration Council [SLORC] vice chairman, Defense Services deputy commander in chief, and Army commander in chief, along with his party, attended the opening ceremony and cordially greeted the local residents. [passage omitted on attendees]

Gen. Maung Aye, SLORC Secretary-2 Lieutenant General Tin U, and party arrived at the Taunggyi Railway Station at 0800 and cordially greeted the welcoming local residents, members of a brass band, cheering groups, and national cultural troupes.

At the opening ceremony, Lt. Gen. Tin U, chairman of the Central Committee for Ensuring Secure and Safe Transportation and secretary-2 of the SLORC, delivered an address. He said extending the Ban Yin-Hpamon railway line that was inaugurated on 4 June to Taunggyi is an auspicious occasion. [passage omitted on construction of more railway lines for the development of Shan State, the objectives of the construction of roads and bridges, SLORC's genuine goodwill and efforts to develop the country, participation of the Defense Services personnel in road and railway line construction projects, and the need for unity and to work hard for the country]

Tin U said one can witness the destructive influence and work to destroy the unity of the people, to drive a wedge between the Defense Services and the people, and to create doubt between the Defense Services and state leaders. The main source of this destructive instigation is not the domestic nature [pyedwin ye myay thabawa]. It is based on and deriving strength from the foreign nature and forces [naing-ngan-gya ye mye hne thwin ar su myar]. It is necessary for the people to oppose and remove these destructive forces, which have gained a stronghold and are relying on foreign elements, by regarding them as obstacles to the country's progress and national unity.

In conclusion, on behalf of the state, Tin U thanked Defense Services personnel, employees for the Myanmar [Burma] Railway, and the local residents who successfully completed this railway line construction project. [passage omitted reporting Rail Transportation Minister U Win Sein's remarks and inspection of development activities in Lawksawk and other towns in Shan State]

Brunei, Malaysia & Singapore

Malaysia

Malaysia: Minister Rafidah Criticizes Washington Over Cuba Bill

BK2707150596 Kuala Lumpur THE STAR in English 27 Jul 96

[Report by Charles Chan—received via Internet]

[FBIS Transcribed Text] Hong Kong—Malaysia has blasted the United States for its recent decision to punish foreign companies doing business with Cuba.

International Trade and Industry Minister Datuk Sri Rafidah Aziz warned that if Washington was allowed to get away with it, other countries might be encouraged to do the same. "In the end, nobody will invest anywhere and the world economic scenario will be dampeden," she said in an interview. "There must be some discipline in the World Trade Organisation (WTO), if it is not already there, to make sure people don't do this sort of thing and cause a chain reaction along the line." The minister, who was in Hong Kong to attend a meeting with local businessmen, was referring to President Bill Clinton's decision to sign into law the Helm-Burton Bill to penalise foreign companies holding former U.S. assets in Cuba.

The House of Representatives has also signalled U.S. intention to widen its turf as an international bully by approving another bill to penalise firms which invest in Libyan and Iranian oil and gas fields.

Rafidah said: "This is where it is becoming ridiculous for countries to invoke unilateral action against their trading partners for whatever reason and then attempt to get the rest of the world to go along with it." She said if Washington had grievances against Cuba and did not want to invest in that country, "that's their problem."

Malaysian Urges Russia To Ensure Free Polls in Bosnia

BK2607095096 Kuala Lumpur THE STAR in English 26 Jul 96

[Unattributed report — received via Internet]

[FBIS Transcribed Text] Jakarta — Malaysia has told Russia to use its influence with the Serbs to help

ensure there will be free and fair elections in Bosnia-Herzegovina.

Foreign Minister Datuk Abdullah Ahmad Badawi said he conveyed this to his Russian counterpart Yevgeniy M. Primakov during their bilateral talks here yesterday.

He said Primakov told him that if Bosnian Serb leader Radovan Karadzic and military leader Ratko Mladić were detained to face trial before the International Criminal Tribunal for former Yugoslavia at The Hague, it might cause unnecessary reaction that could lead to the calling off of the polls.

"In that case, I told him, if the two could not be arrested, efforts must be taken to ensure they (Karadzic and Mladić) will not have a role to play in the political party and the government.

"The Russian foreign minister assured me that efforts are being taken to ensure that the two indicted war crimes suspects will not influence the outcome of the elections," Abdullah said.

Earlier, speaking to reporters after the Post-Ministerial Conference (PMC), Abdullah said all the claimants to the oil- and gas-rich Spratly islands had pledged not to resort to any action which could raise tensions in the South China Sea.

"The issue was discussed during the Seven-Plus-One PMC with China and we have all agreed to keep actions in check to maintain stability pending further negotiations," he said.

On China's new demarcation of the sea baseline of the South China Sea, Abdullah said China wanted to discuss the issue based on international laws, adding that ASEAN was glad that Beijing was not taking arbitrary action on the matter.

Primakov later told reporters that Russia was prepared to set up an ASEAN space monitoring and communication centre in Malaysia.

"It will be our pleasure to locate the centre in Malaysia if there is a request," he added.

The centre, to provide data to the ASEAN countries on geological surveys and information on natural disasters, as well as for training of specialists in fields related to the peaceful use of outer space, was proposed by the Russians during the Post- Ministerial Conference here.

Malaysia: Defense Ministry To Resolve Singapore Air Force Issue

BK2707143596 Kuala Lumpur THE STAR in English 27 Jul 96

[Unattributed report—received via Internet]

[FBIS Transcribed Text] Johor Baru—The Government has promised to help Johor resolve the problems caused by the Singapore Air Force's [SAF] low-flying aircraft over parts of the state.

Mentri Besar [chief minister] Datuk Abdul Ghani Othman said yesterday the assurance was given by Defence Ministry officials during a briefing with him and state representatives on Thursday.

"We view this matter seriously and hope the Federal Government will take serious consideration to stop further intrusions by these aircraft," he told reporters after attending a Quran reading session at Bukit Timbalan.

It was recently reported that the RMAF [Royal Malaysian Air Force] had detected six incursions by SAF aircraft into Johor airspace at an altitude of 200m between April and May.

The agreement between Malaysia and Singapore allows SAF aircraft to fly above 600m in the northern and western corridor of Johor.

Malaysia: State Government Bans Books by 'Deviationist' Teacher

BK2707150896 Kuala Lumpur THE STAR in English 27 Jul 96

[Unattributed report—received via Internet]

[FBIS Transcribed Text] SEREMBAN—Negri Sembilan has banned four religious books which contravene the teachings of Islam and can mislead Muslims in the state. Mentri Besar [chief minister] Tan Sri Mohamed Isa Abdul Samad said yesterday the ban took effect from June 20. He said the four books were written by deviationist teacher Bahrain Salleh, also known as "Pak Chu Bahrain", 60, of Kampung Gachong, Kuala Pilah, who had taught in the state and in Johor. The titles of the banned books are: QAMAR AI-HUDA, NUKILAN AHLI SUFI ALLAHU AKHBAR Encik Bahrain Salleh, RISALAH KESUFIAN - Anjuran Bahrain Salleh, and SEBAIK-BAIK MAKRIFAH YANG DIPERTUNJUKKAN BAGI Hati. Speaking to reporters after chairing a state Islamic Council meeting at the Baitulmal [treasury], Isa said the books were banned "to protect the faith of Muslims in the state." State Mufti Datuk Mohamed Murtadza Ahmad said ceramah [lectures] would be held throughout the state to clarify the teachings of Bahrain.

Singapore

Singapore: Minister Cites Principles To Ensure Success of WTO Meeting

BK2907081296 Singapore THE STRAITS TIMES in English 25 Jul 96 p 1

[Report by Lee Kim Chew in Jakarta]

[FBIS Transcribed Text] Foreign Minister Shunmugam Jayakumar yesterday spelled out three guiding principles to ensure the success of the inaugural meeting of the World Trade Organization (WTO) in Singapore in December.

These were consolidation, sustaining the momentum in trade liberalization, and balance, he said.

Leading the discussion on this subject in the post-ministerial conference with Asean's 10 dialogue partners, he said the key question was how to keep the Uruguay Round of trade liberalization moving.

Political leadership was needed for the process to go forward and consolidate the gains in a rules-based multilateral trading system, he said.

"One of the most important priorities of the ministerial conference is to take stock of the state of progress made since the signing of the landmark Uruguay Round Agreement in Marrakesh.

"Some difficulties in implementation still remain. It is important for the credibility of the multilateral system that the Uruguay Round agreements be implemented in full and on time."

This must be done to promote trade and confidence in the global trading system, and it was important to sustain the momentum, he told the United States and the European Union, which are among Asean's key dialogue partners.

China, India and Russia were elevated to that status yesterday.

Professor Jayakumar said that the Singapore conference could provide the broad framework for the WTO's program.

"This could include an examination of the various items under the built-in agenda agreed to at Marrakesh some of which have deadlines in 1997 and beyond," he said. On the need for balance, he noted that some developed countries were interested in "new issues" such as investment and competition policies corruption and labor standards.

The developing countries however, were interested in the full and timely implementation of the Uruguay Round agreements.

Said Prof. Jayakumar: "The WTO is a consensual-based organization. Hence in Singapore, a balance needs to be achieved among the diverse membership of the WTO."

The US and EU had served notice that they wanted social clauses such as minimum wages, labor standards as well as environmental issues to be on the WTO agenda.

Developing countries, fearing disguised protectionism, want such issues to be discussed in forums other than the WTO.

Indonesia's Foreign Minister, Mr. Ali Alatas, said ASEAN supported the WTO as "the guardian of a free, transparent and rule-based regime of international trade".

He said the Singapore conference should not be trammeled by the introduction of issues extraneous to trade.

This would not only complicate an already complex WTO agenda, but would also denigrate the developing countries and eventually debilitate the organization itself, he warned.

A vice-president of the European Commission, Mr. Manuel Marin told THE STRAITS TIMES that the EU certainly wanted to put "social" and "green" issues on the trade agenda.

The US Secretary of State, Mr. Warren Christopher, took a similar line. He called for a WTO dialogue on the relationship between trade and core labor standards.

He said the US also wanted an early conclusion to the Uruguay Round's unfinished business, especially in services.

"The US and ASEAN will both benefit from reaching agreements in 1997 that embrace high standards of openness in two key service sectors, telecommunications and financial services," he added.

Singapore: Minister on Nation's Approach to Dec WTO Meeting

BK2907082096 Singapore THE STRAITS TIMES in English 26 Jul 96 p 24

[Report by Irene Ngoo in Jakarta]

[FBIS Transcribed Text] Singapore would consult as many countries as possible in the run-up to December's first World Trade Organization [WTO] meeting, to ensure that contentious issues would not cloud the agenda.

But it would not suppress those countries which have strong views to express, Foreign Minister Shunmugam Jayakumar said here yesterday.

Replying to a question at a joint press conference after the two-day annual meetings between Asean and its 10 dialogue partners, he said that Singapore, as host of the inaugural WTO meeting, would have to play two roles.

One was as a delegation at the meeting, and the other, as host of the meeting.

As a delegation at the meeting, like the more than 160 other countries, he said that Singapore would have its own views on certain issues.

For instance, it stood with other ASEAN countries in opposing the link between labor standards and trade, which Western countries are pushing to put on the WTO agenda, along with other contentious non-trade issues.

Prof. Jayakumar said it would be more appropriate to discuss the labor rights issue in forums such as the International Labor Organization, and not WTO.

But as host country, he said "our responsibility in the run-up to the meeting is to have consultations with as many countries as possible to ensure that we do not have a ministerial meeting that is divisive or acrimonious".

"We hope that in the consultations, we will be able to iron out as many of these problems as possible without in any way suppressing anyone who has strong views to express," he said.

"Our approach will be to consult with interested parties to ensure that the views of different parties will be taken into account.

"But above all," he said, it was "to ensure that the WTO ministerial meeting in December will be a definite advance on the Uruguay Round and pave new directions for the WTO in terms of the objectives we all agreed on".

Asked if there were lessons to be learned from the just-concluded ASEAN Regional Forum here, at which both Asean and the Western members were able to put aside their intractable positions on Myanmar [Burma] and move on to the larger issues, he said that the ARF had demonstrated that it was possible for sensitive matters to be discussed if they were properly managed.

But he said the WTO meeting would be markedly different from the ARF, as it would involve more countries and cover different issues.

During their meetings with the dialogue partners, ASEAN countries made it known that they objected to moves to include "extraneous" issues on the WTO agenda.

They said such attempts would side-track the focus of the meeting, which is to review the progress of the

Uruguay Round commitments to tear down global trade barriers.

The dialogue partners are the United States, the European Union, Australia, Canada, China and Japan.

In talks with ASEAN ministers here the European Union and the United States had again signalled that they wanted the global-trade watchdog to start talks on linking trade and labor rights, trade and investment, corruption in business and competition policy.

The EU is further pushing for the multilateral investment deal, which developing countries fear would erode their competitive edge.

Singapore: Foreign Minister Views ASEAN's New Relations With India

BK2907082296 Singapore THE STRAITS TIMES in English 25 Jul 96 p 22

[Report by Irene Ngoo in Jakarta]

[FBIS Transcribed Text] The upgrading of India's relations with ASEAN to a higher plane underlines the grouping's commitment towards a new and stronger partnership with India, said Singapore's Foreign Minister Shunmugam Jayakumar yesterday.

In his opening statement at the ASEAN dialogue session with Indian Foreign Minister I.K. Gujral here, he said India could provide ASEAN with vital links to the Indian Ocean while the grouping could be the sub-continent's springboard into the Asia-Pacific.

"It would be hard to imagine an Asia-Pacific Century without India's participation," said Prof. Jayakumar, who is ASEAN's coordinator for the dialogue with India.

India, with a GNP of more than US\$280 billion (\$398 billion), is now ranked fifth in the world.

In trade alone, Indian exports to ASEAN grew at an annual rate of 40 per cent, while imports from Asean rose 23 per cent from 1991 to 1995.

Recognizing its growing political, economic and strategic importance, ASEAN leaders, on the initiative of Prime Minister Goh Chok Tong, decided at the Bangkok summit in December to elevate India from a sectoral to a full dialogue partner.

It was admitted into the ASEAN Regional Forum on Tuesday, together with Myanmar (Burma).

Prof. Jayakumar said India, given its size and strategic location in the Indian Ocean, could play a constructive role in contributing to the stability of the region.

He added that ASEAN investments could add impetus to India's economic reforms. In turn, India could share its expertise in such areas as scientific and technological research.

In his speech, Mr. Gujral described ASEAN's decision to raise its partnership status as "far-sighted".

But he said that, while meeting the substantive challenges in the relationship, both sides should guard constantly against "premature euphoria or unjustified cynicism".

India, he added, would be looking to ASEAN to help build the comparative advantage of its economy and its enterprises.

"ASEAN has many strengths we can benefit from, while we too have strengths that ASEAN can make use of," he told his Singapore counterpart.

"Thus, let us follow an 'enrich-thy-neighbor' policy, which will establish what ASEAN leaders have aptly termed cooperative prosperity, in which there is place for growth for everyone."

He said he was confident that India would be able to slip into the ASEAN culture easily given the common traditions of "tolerance and gentleness".

However, he cautioned that there were bound to be some differences which either side might encounter in forging Indo-ASEAN cooperation.

As a first step to boosting ties, Pro. Jayakumar said ASEAN had suggested that an ASEAN-India senior officials' meeting be set up to discuss political issues.

He added that India could later link up with the ASEAN Free Trade Area (AFTA), a move the minister described as a "conceivable long-term vision".

"If realized, it will bridge two major Asian trading entities," he said, pointing out that these proposals and other initiatives could be launched at the first ASEAN-India Joint Cooperation Committee (JCC) meeting to be held in New Delhi later this year.

He also called for a broadening of the ASEAN-India business network drawing in the small- and medium-sized enterprises.

Both sides also agreed to enhance ties through cultural, tourism and educational linkages, besides boosting trade and investment.

Prof. Jayakumar said Asean was ready and committed to work closely with India to make the new partnership a success.

Singapore: Equipment Installation Delays British Frigate Delivery

BK2907155196 Kuala Lumpur NEW SUNDAY TIMES in English 28 Jul 96 p 17

[Report by Mazwin Nik Anis]

[FBIS Transcribed Excerpt] Singapore, Sat. — The installation of high-technology equipment is causing a year-long delay in the delivery of two frigates the Royal Malaysian Navy [RMN] purchased from Scotland.

The ships were scheduled to have been delivered to the RMN, four months ago.

Armed Forces chief General Tan Sri Ismail Omar said today installation work on the high-technology equipment would take more time, adding that the builders had given their assurance that the frigates would be delivered by August next year.

He said that since the ships would be installed with sophisticated equipment, technical preparation and a large number of tests had to be conducted before it could be installed.

"This is to ensure that all the equipment costing millions of ringgit, are in good working condition.

"Once operational, the frigates will be the pride of not only the nation, but also the region.

"They (frigates) will enhance Malaysia's naval power as the ships come with helicopter facilities, anti-aircraft and anti-ship missiles, as well as anti-submarine warfare systems, among others," he said.

He was speaking to reporters after witnessing the passing-out parade of 523 naval recruits at the RMN base in Woodlands this morning.

Also present were Navy chief Admiral Datuk Sri Ahmad Ramli Mohamed Nor and senior naval officers.

The ships will also be armed with an array of ship-to-ship and ship-to-air missiles and close-up naval guns which include the vertical launch Seawolf anti-aircraft missiles and the Swedish 57mm Mk2 naval guns. [passage omitted on signing of a Memorandum of Understanding on defence procurement with Britain in 1992]

However, he had dismissed the purchase of the frigates as Malaysia's reaction to claims made by several countries over the Spratly Islands.

On the types of helicopters to be used on the frigates, the navy had not reached a decision, although there is possibility the frigates would be equipped with Wasp helicopters.

On the new RMN base in Tanjung Pengelih near Kota Tinggi, Ismail said that construction works were being carried out according to schedule, adding that preliminary earthworks had been completed.

The new base will serve as the country's naval recruitment center to replace the Woodlands naval base, which is expected to be handed back to the Singapore Government on January 1, 1998.

Ismail said the transfer exercise was expected to be completed by the end of 1997, adding that he was confident that the Woodlands naval base would be handed over to Singapore as scheduled.

Cambodia

Cambodia: Hun Sen Welcomes MFN Status From the United States

BK2807115796 Phnom Penh National Radio of Cambodia Network in Cambodian 1300 GMT 27 Jul 96

[Speech by Cambodian Second Prime Minister Hun Sen at the inauguration of the Yamamoto Japanese Language Center at Svay Dangkum Commune, Siem Reap District, Siem Reap Province, on 27 July — recorded]

[FBIS Translated Excerpt] [passage omitted] On this occasion, I would like to inform you, the clergy, their excellencies, ladies and gentlemen, and compatriots, that at about 2100 last night—which was morning in Washington—I received a call from His Excellency Va Huot, Cambodian ambassador in Washington, saying that the U.S. House of Representatives and Senate have already approved so-called MFN [Most Favored Nation] status for Cambodia. [applause] This is one of the successes achieved by the Cambodian people.

Despite being hindered by the attempts of those who do not want the Cambodian people to receive aid, the international community has remained aware of the need to help Cambodia. A few hours before meetings in Tokyo, Japan on 10, 11, and 12 July, a 22-page letter was sent via the Internet by these people in an attempt to block international aid to Cambodia. Nevertheless, over \$500 million in aid was finally given by all of the countries, including Japan, which is providing more than \$200 million. [applause]

Those people also did the same thing by staging demonstrations in various places. They also lobbied the U.S. Senate in order to prevent the United States from granting MFN status to Cambodia. Somehow, the U.S. Government, Senate, and lower house have seen the need to provide aid because the aid will not be received

by the government. Those who will actually benefit from the aid are the Cambodian people. Why? Because MFN status will exempt from taxes those goods exported from Cambodia to their countries.

On this point, I would like to inform you that MFN status will create the most favorable conditions, and what is most important is that investment capital will come to Cambodia because investors want secure markets and MFN status. We have received MFN status from 26 European countries in addition to the United States. So, our markets will become very large. Clothing, shoes, and other goods made in Cambodia can be exported to those markets without paying taxes. Thanks to this, factories will be established in Cambodia, thereby solving the job problem for unemployed Cambodian workers and graduates. Therefore, the aid is not actually for Prince Krompreah Norodom Ranariddh, Hun Sen, or some cabinet ministers but is for the Cambodian people themselves.

The delay in granting MFN status was not only caused by those people but also by tomatoes. Why tomatoes? In the United States, there is the North American Free Trade Agreement, and tomatoes can be exported to the United States tax free. So, Florida farmers cannot sell their tomatoes because of tax-exempt tomatoes from Mexico. Therefore, a Florida senator requested that MFN status to Cambodia be suspended. In the United States, one senator can ask for the adjournment of a session in which world affairs are being discussed. That was why MFN status for us was delayed.

While I was in Tokyo, I signed many letters and had them sent to the U.S. senators who are my friends and to the senator in Florida. H.E. Trade Minister Cham Prasit, who was in charge of solving the problem, prepared all the letters explaining the matter to them. MFN status was finally granted. So, we will receive a lot of aid from Japan, the United States, the European Community, etc. The only thing they want from us, however, is political stability, the correct implementation of democracy and respect for human rights, and the efficient use of their aid. [passage omitted]

Cambodia: Statement Disavows FUNCINPEC Congress in France

BK2607141796 Phnom Penh REAKSMEI KAMPUCHEA in Cambodian 26 Jul 96 p 2

[Statement of the Secretariat of the National United Front for an Independent, Neutral, Peaceful, and Co-operative Cambodia — place and date not given]

[FBIS Translated Text] The Secretariat of the National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia [FUNCINPEC] would like to

issue a clarification for the national and international audience as follows:

1. The Secretariat rejects the so-called World Congress of the FUNCINPEC held in France on 21 July 1996 attended by 12 persons — some FUNCINPEC defectors and some nonmembers — and two journalists.

The amended statute of the FUNCINPEC party which was approved by the second FUNCINPEC congress held 21-22 March 1996 in which over 5,000 members from all branches inside and outside the country took part states: "The chairman may call for an extraordinary congress if there is a proposal from the chairman or one-third members of the National Council to discuss and approve issues relating to the general policy or national interests."

2. It regards this meeting as a most serious and illegal act aimed at using FUNCINPEC's name to serve the political schemes of the opportunists.

The FUNCINPEC Secretariat would like to emphasize that the members of the Executive Committee and National Council and all other FUNCINPEC party members are closely united around Samdech Krompreah Norodom Ranariddh, their chairman and historic guide, and points out that FUNCINPEC is the one and only nationalist-royalist party which adheres to Sihanoukism and is indivisible.

Phnom Penh, 23 July 1996

Cambodia: Khmer Rouge Kill 21 Peasants in Samraong District

BK2607140396 Phnom Penh National Radio of Cambodia Network in Cambodian 1200 GMT 26 Jul 96

[FBIS Translated Text] According to a report issued by the Operations Department of the Khmer Royal Armed Forces [KRAF] General Staff last week, a group of 24 peasants in Samraong District of Oddar Meanchey Province were surrounded and brutally forced into the jungle by the rebels. Later, after making foul accusations against our innocent people, the rebels executed 21 of them and wounded four others. The latter group managed to escape death.

The race extermination committed every day by the rebel bandits against our innocent, poor, and miserable in the remote areas who want only to live in peace is basest and most barbaric. The bandits do not care about the people's wretched existence. Every day, they abduct them for ransom or rice or for their schemes. They endlessly accuse them of various things.

The massacre is strongly condemned by the local villagers, the people nationwide, and the peace-loving world community.

The entire KRAF should step up cooperation with the people and local authorities to resolutely protect the peaceful lives of the people. It should never allow the rebels to perpetuate such an act of genocide, no matter what.

Cambodia: Khmer Rouge Deny Siem Reap Province Massacre

BK2707103496 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 2330 GMT 26 Jul 96

[Statement by the National Army of Democratic Kampuchea; place and date not given]

[FBIS Translated Text] On 24 July, the propaganda machine of the alliance, through this Sieng Lapresse [state under secretary for information], also known as Sieng Pre Pruol, slanderously accused the National Army of Democratic Kampuchea [NADK] of the so-called murder of the population in Siem Reap Province. Such is the foul slander barked out at the Cambodian national resistance forces — forces that are courageously and bravely fighting them with a view to ensuring the survival of the Cambodian nation and race — by communist Vietnam and the alliance and their brazen two-headed lackeys.

The NADK categorically rejects this politically motivated, malicious slander. The reason the band of communist Vietnam and alliance and their brazen lackeys have hurled out this slander is that they have suffered serious losses. They have been defeated militarily and politically and their economy has disintegrated. In particular, the problem of their inner circle — which is seriously divided — remains unresolved. Aside from this, the peasants have also come together to deal them blows from all directions.

As they have suffered one loss after another, in all fields and sectors, they sputtered the accusation at the NADK in order to divert attention from their fiasco. Moreover, since they have been denounced at home and abroad, they have taken care to howl like a mad dog, one that will most certainly be killed.

Indonesia

Indonesia: Christopher's Evaluation of Human Rights Commission Praised

BK2607140696 Jakarta REPUBLIKA in Indonesian 25 Jul 96

[Editorial: "U.S. Secretary of State's assessment of Indonesian National Commission on Human Rights" — received via Internet]

[FBIS Translated Text] U.S. Secretary of State Warren Christopher held an informal meeting with the Indonesian National Commission on Human Rights on Tuesday. Despite that, participants from the two sides felt that it was an important meeting. Apart from Christopher representing the U.S. side, the deputy secretary of state, the U.S. ambassador to Indonesia, the defense chief of staff, and the director of planning also attended the meeting. The participants from the National Commission on Human Rights were its vice chairman Professor Miriam Budiarjo, and eight other members.

Several matters were discussed at the meeting and they focus mainly on implementing human rights in Indonesia. The case involving the Indonesian Democratic Party, PDI, and the issue of collusion in the Supreme Court were also discussed. However, the most interesting thing about the meeting was the United States' assessment of the status of the National Commission on Human Rights in Indonesia. Speaking at a press conference in the company of Prof. Miriam, Christopher said that his side deems the status of the National Commission on Human Rights very important in supervising the implementation of human rights in Indonesia. In connection with this, Christopher expressed the hope that the Indonesian Government would listen to and take note of the suggestions from the National Commission on Human Rights.

It is encouraging to hear Christopher's assessment of the commission. Actually, even without an outsider's views, we have seen how well the National Commission on Human Rights functions as an independent institution. It has monitored, reported, and recommended solutions for several cases of human rights violations, including some cases that are politically sensitive.

For example, let us cite the Marsinah [labor activist] murder case. The National Commission on Human Rights directly pointed out that there must be another suspect who should be brought to the court of justice even though at that time all the suspected murderers of the labor activist had already been arrested and tried. As we all knew, after some time, all those who had been tried were freed due to lack of strong evidence to support the allegations. The commission also issued

statements on other cases such as the Ujungpandang incident and the PDI to indicate its independence.

On the other hand, the government has never questioned what the National Commission on Human rights is doing. Likewise, secretary general Prof. Baharuddin Lopa used to say that the National Commission on Human Rights had never been under pressure from any side when handling the cases. This is an indication that the government appreciates what the commission does.

This is the policy that should continue to be developed. The National Commission on Human Rights is not a super institution which can settle all problems. Its function is to observe cases of human rights violations and make recommendations on measures to settle the case. However, being in such a position, the existence of the National Commission on Human Rights is very significant. It can act as a preventative institution whenever there is an indication that human rights have been violated, without resorting to actions that often reflect dilemmas.

Within this context, we fully welcome Christopher's appreciation of the importance of the National Commission on Human Rights although we may not always agree on the concept of human rights often used as a pretext by powerful countries to gain their own interests.

Indonesia: Dili Bishop Views East Timor Issue

*BK2607163096 Jakarta TEMPO in Indonesian
20 Jul 96*

("Excerpt" of interview with Monsignor Filipe Ximenes Belo, Bishop of Dili, by Sri Yanuarti Dili; date not given — received via Internet)

[FBIS Translated Text] [Yanuarti] In your opinion, what is the main problem in East Timor after 20 years of integration with Indonesia?

[Belo] Currently, the most prominent issue is the vague political situation. Although the Indonesian Government regards the issue of integration settled, and that East Timor has become its 27th province, it is still debated at international forums. In fact there is a new record; In the 1980's, the pro-integration Apodeti tribe has began to demonstrate their expectations that the integration be internationally acceptable. This is because, in their political proposal made in 1975, it was stated that there should be free consultation with the people over the integration of East Timor, and it should be recognized in accordance with international law.

Thus integration should be neutral. What happens now is the military is hassling the people and they have been forced to accept integration. I think this is the issue

which should be resolved with sincerity and openness, and this could be done through dialogue.

[Yanuarti] You mean there should be dialogue among the East Timorese themselves or a referendum should be held?

[Belo] I do not know how it?should be done, but when the youths came to me, they said, "Pastor, — at that time I was still a pastor — military personnel entered the villages. When we came down from the mountains, the Indonesian Red and White flag was given to us immediately. Today we are Indonesians, yesterday we were Portuguese, without having to go through the identification process that we are East Timorese." So this is the trauma that we are facing.

Secondly, the Apodeti tribe was hoping for an integration under which the government recognized their special status. What a pity, until now there is no political will to debate such matters.

[Yanuarti] What are the fields that require a special status?

[Belo] We will discuss all that later. Discussions on such matters should be held under supervision; the people are debating the setting up of an autonomous government that we have been requesting, and what is to be included in it; but this must be raised at a dialogue session. However, whenever we began to discuss autonomy, the authorities cut off the subject instantly such that the issue on East Timor as an integral part of Indonesia has to be discussed all over again. The reason is that when the Pancasila state ideology and the 45 Constitution were formulated, East Timor was not yet an integral part of Indonesia. Therefore, the East Timor issue should be discussed, and given a status accordingly. Next to the political aspect is the social aspect. The influx of immigrants and military personnel into the province has made the local people feel they almost lost their homeland.

[Yanuarti] Lately, many people are voicing the opinion that holding a referendum is the best way out. Do you know why?

[Belo] Actually I had spoken on this issue in 1989. There is no other way that is more democratic, more neutral, and more homogeneous than having a referendum. We can ask the people what they really want. The question should be posed to the people with ease and responsibility. This is the factor that has been neglected such that the East Timor issue is never resolved.

[Yanuarti] After 20 years of integration, many say that the young and old generations of East Timorese still feel alienated in their own homeland. What do you think?

[Belo] That is right. The reason is — just look at the officials in the offices — all posts are held by outsiders. We can count the few East Timorese who become state officials.

[Yanuarti] What is the impact of such conditions on East Timorese?

[Belo] That is it. We are said to have been integrated into Indonesia. However, it is a half-hearted integration. I have always said that we, the East Timorese, are second class citizens.

[Yanuarti] Is the government making any effort to restore the honor of the East Timorese?

[Belo] You better put this question to the government. It has been 20 years and I have not seen any effort for such a thing.

[Yanuarti] Seven of the DPRD [local legislative council] of the 13 districts in East Timor are chaired by men with military backgrounds. What is the impact of this condition on the efforts to accommodate the people's aspirations?

[Belo] In Dili, the chairman of the DPRD is certainly a military man who was appointed under Theo Syafei's (former commander of East Timor Operational Execution Command) time. If there was a meeting, they discussed all sorts of things among themselves. The rest only listened. The members of the legislative council are also dominated by military men. Apart from those who are members of the Golkar [Functional Group], there are also members who belong to other factions.

[Yanuarti] What is the military's definite role in East Timor?

[Belo] If you notice, there is a security post in every village. Whoever comes in and goes out must report to the military post first. In fact, East Timor youths who wish to go to Dili would not only have to report to the security posts, their residence's cards and other documents were checked too — exactly as practiced during the period of war emergency. I have told the Military Sub-area Commander that Indonesia has celebrated its 50th independence anniversary, yet the East Timorese do not enjoy independence. On some occasions, the military treat them very roughly and inhumanely. At night, they hurl stones at the people.

Yesterday, a mother reported that suddenly 12 military trucks came to her house, and she had been accused of hiding weapons and assisting the GPK [Security Disturbance Movement]. Actually she did not know what the military was talking about and the house had not been occupied for two years. This is something fictitious. They did it just for the sake of performing

something in order to get a promotion. In the military itself, personnel compete with each other to get a post. At times, I presume that East Timor has become like a project for the military to get money or promotion.

[Yanuarti] How many military personnel are there in East Timor?

[Belo] I am not sure, but I can see that there are many military men in the villages. In fact, if we compare their numbers to those during the period of Portuguese colonization, there are more military men around here now.

[Yanuarti] Does the military interfere in the religious affairs here?

[Belo] Yes.. They have a strong influence in it. The military has initiated an inter-religion communications forum. This goes to show that the military has a powerful role in the religious affairs. There is no inter-religion communications forum in other provinces. Lately, the military had written to the districts urging them to establish a similar forum at their level.

As a matter of fact, things are different here. A pro-integration youth organization has been specially established here by the Special Forces Command. The East Timor governor says that the organization has been established to provide training, employment to local youths. However, in practice they always initiate riots. Members of the organization have become military informers, and their reports are always considered right.

[Yanuarti] Is the church involved in the development of this province?

[Belo] Only sometimes. We had been formally asked to provide input on development program.

[Yanuarti] Was it true that prior to integration, Islam-Catholic relations ran smoothly?

[Belo] Obviously, there was no strong pressure [preceding word in English] like now. From 1974 to 1978, the people in the villages had been forced to convert into Islam. If they refused to do so, they were considered communists. If they were communists, they would not be able to remain alive. This happened in almost every village in East Timor.

[Yanuarti] How is the socio-economic condition in the East Timorese now?

[Belo] Well... there are few changes. Some people are running small business at kiosks, markets, and some are engaged in transportation services. However, there are not many of them. In fact, the migrants in this province are earning more than the local people. Some

local businessmen had set up private companies but they always went bankrupt.

[Yanuarti] Are there many East Timorese who become state officials?

[Belo] Several, but their number is still small.

[Yanuarti] What positions do they hold in the civil service?

[Belo] Well... they only assume lower and middle posts. Only one or two persons are holding high posts.

[Yanuarti] What about the freedom of mobility, either horizontal or vertical, are the East Timorese being obstructed or there are obstacles for them?

[Belo] They are being blocked. The reason is that a candidate has to fulfill several conditions to assume a position in any of the government departments, such as to become a civil servant. Sometimes he has to bribe someone to get the position. I received many complaints from youths who applied to join the police force but were asked to pay two million rupiah bribe. They also have to get recommendation, and the G30S/PKI [Indonesian Communist Party/30 September Movement] clearance letters to enable them to go for further studies. This is something illogical because the incident never took place in this area. East Timor absolutely has no link with the movement.

[Yanuarti] What about the performance of the bureaucrats, especially the non-East Timorese officials. Do you know?

[Belo] I do not know much about this, but I hope that they are really working for East Timor. They are the people who know the situation here and understand the local culture. Let us hope that they do not consider East Timor as a project. Sometimes we are being sarcastic here. It is true that the government has pampered us by giving many facilities, but the East Timorese really enjoyed only a small portion of them.

[Yanuarti] In your opinion, what is the best short-, medium-, and long-term measures to resolve the East Timor issue?

[Belo] First of all the status of East Timor as a war emergency zone should be settled. This is urgent [preceding word in English]. Abolish the military approach. If there is a mass riot, it should be settled through a political solution by dialogue. Let us hold dialogues, mutually listen to each other; but this has never been done. The dialogues were held just to make us accept the integration, that is all. Thus it is only a one-way traffic.

East Timor should be given a special status on a short-term basis — not the term special which means exclusive — but in accordance with the province's unique background as mentioned earlier; as an example, East Timor was never included in the 1945 Constitution. This is a fundamental and argumentative fact.

Next, the number of military personnel should be reduced and more opportunities should be given to East Timorese to manage the local administrations by themselves, and if possible, a special status should be accorded to East Timor.

Indonesia: Alatas Reaffirms PDI Crisis 'Internal Issue'

BK2607074396 Jakarta Radio Republik Indonesia Network in Indonesian 0000 GMT 26 Jul 96

[FBIS Translated Text] The government has said that the crisis facing the Indonesian Democratic Party, PDI, is an internal issue; the government is simply preventing the crisis from becoming more chaotic.

Speaking at the end of the ASEAN Post Ministerial Conference in Jakarta, Foreign Minister Ali Alatas has said that the government is only seeking for a solution that will not bring about disturbances and disorder in the country.

The government hopes that the efforts to resolve the issue are consonant with the law and public order.

On the PDI congress that was held in Medan, Alatas said that the congress was organized purely by members and officials of the party, who finally elected a new chairman.

Indonesia: Storming of PDI Office, Leaders' Responses Reported

BK2707081296 Hong Kong AFP in English 0413 GMT 27 Jul 96

[FBIS Transcribed Text] JAKARTA, July 27 (AFP)—Hundreds of riot police and members of a breakaway faction of the opposition Indonesian Democracy Party (PDI) stormed party headquarters Saturday morning, leaving dozens injured.

Police in riot gear bashed down the gate at the entrance to the party headquarters in central Jakarta, where supporters of ousted leader Megawati Sukarnoputri, daughter of Indonesia's founding president Sukarno, had been holed up.

Smoke was later seen coming from the back of the building, as police quickly took over the premises and burned banners that had adorned the building.

Police then dragged Megawati supporters out of the party compound as defiant onlookers shouted, "Long live Megawati."

Many of the injured were covered in blood and one man was seen by a correspondent bleeding from his ear. At least eight unconscious people were taken out of the building by police, witnesses said.

Megawati was ousted as PDI leader by the breakaway faction at a rebel party congress last month, a meeting which was backed by the government. The government's role in opposition politics had led to widespread international criticism.

Megawati's replacement, Suryadi, has been recognized as the party's leader by President Suharto. There are only three legal parties in Indonesia.

Lieutenant Colonel Abu Bakar, head of central Jakarta police, said the government-backed faction led by Suryadi had been given jurisdiction for the building and had handed it over to police.

"We are here to secure the building because it is clear there was a fight at the site," said Bakar. "We were just here to make sure that no-one would be hurt."

"We tried to tell the Megawati people to come outside and the Suryadi people were not supposed to get in. But we couldn't stop the Suryadi people."

The incident began when supporters of Megawati's rival threw rocks at the building early Saturday, witnesses said, while police had blocked off the area to several kilometres (miles). Supporters of Megawati lit bonfires outside party headquarters at one stage in an apparent bid to keep police out.

At least two motorcycles were set alight, and petrol bombs were thrown outside the compound.

Bakar said several people were taken to police headquarters, "not to be arrested, just to be investigated. Especially the people who were in the fight."

According to witnesses, six ambulances at the scene were insufficient to carry all the injured to hospital, and some had to be loaded into police trucks.

A leader of the Suryadi faction, PDI general secretary Butu Hutapea, blamed the violence on Megawati's supporters.

"Long live Suryadi," he told about 200 supporters inside the compound. "We have finally taken over the headquarters which has been misused for 45 days."

In New York late Friday, Human Rights Watch/Asia issued a statement calling for the Indonesian government to avoid the use of force at the party headquarters.

The rights group called for an independent investigation into government involvement in the ousting of Megawati.

The group anticipated such action, noting that since the end of a meeting of the Association of Southeast Asian Nations (ASEAN) earlier this week, a series of "ominous statements" had been issued by the Indonesian military.

Human Rights Watch also noted recent calls for a news blackout on Megawati and her supporters.

[Hong Kong AFP in English 0650 GMT on 27 July reports that PDI leaders have condemned as illegal the police raid on the party's headquarters.

APP says: "'We condemn this use of force by the military. It is illegal,' PDI treasurer Laksamana Sukardi told AFP."

The report adds: "Sukardi, speaking from an urgent meeting between Megawati and her deposed executive board, said the police invasion should not have been taken ahead of decisions pending in the courts.

"'We are taking the legal road. We need a court of law decision and no one should have pre-empted the court,' Sukardi said."

APP continues: "PDI parliamentarian Tarto Sudiro claimed that thugs dressed in the party's red and black colours—not official party members—entered the building behind a line of riot police.

"'The people who invaded with the police were not PDI members. They were outsiders wearing the PDI's colours,' Sudiro said.

"One woman told AFP that when taking her children to school early Saturday, she saw youths jumping out of military trucks and being handed red outfits. The youths later began to throw stones at Megawati's supporters, eyewitnesses saw. Authorities here are widely believed to hire people to cause trouble in the streets when the military and police require a reason to intervene.

"Outspoken former parliamentarian Sri Bintang Pamungkas told AFP the police action signified the 'irrational fear of a regime in its twilight.'

"'The military has gone too far. This shows how this military dictatorship works. I really condemn this military brutality,' Sri Bintang, a member of the opposition United Development Party, said."]

Indonesia: U.S. Diplomat Reportedly Injured in Jakarta Clashes

*BK2707083496 Hong Kong AFP in English
0813 GMT 27 Jul 96*

[FBIS Transcribed Text] JAKARTA, July 27 (AFP)—Riot police and soldiers violently dispersed a crowd of up to 10,000 people who gathered in central Jakarta after police raided an opposition party headquarters Saturday, injuring scores of people.

Witnesses said the crowd began to throw rocks at a nearby police station and sprayed police with stones.

Riot police charged the crowd and were supported by soldiers armed with anti-riot sticks and shields, who chased people down the streets, the witnesses said.

The charge left scores of people injured. An AFP photographer and an American diplomat were also injured in the clashes.

The diplomat, whose name was not immediately known, was trying to prevent soldiers from hitting a woman. Witnesses said he pleaded with the officer not to hit the woman, but was then hit on the arm.

AFP photographer John McDougall was hit in the face by a stone and suffered cuts on the mouth.

Indonesia: 'Thousands' of Rioters Set Fire to Army Building

*BK2707090796 Hong Kong AFP in English
0901 GMT 27 Jul 96*

[FBIS Transcribed Text] JAKARTA, July 27 (AFP)—Thousands of rioters in central Jakarta have ransacked and set fire to a military building, an eyewitness said.

Two buses were also set alight as widespread rioting between police and backers of opposition leader Megawati Sukarnoputri spread across central Jakarta.

The crowds first ransacked and looted the two storey building used as a dormitory for women soldiers, before setting it ablaze.

Military personnel, according to the witness, had earlier fled the area which is located close to the headquarters of the Indonesian Democracy Party (PDI).

Three public buses were seen burning in the area where tens of thousands of angry people are roaming the streets destroying property and fighting with police.

According to witnesses three lorries of armed special forces were seen late Saturday heading towards the most violent area.

Thousands of military personnel have been deployed across Jakarta, a city of more than 10 million people, especially in the centre and near the presidential palace.

Indonesia: Paper Reports Takeover of PDI Headquarters

*BK2707104096 Jakarta SUARA PEMBARUAN
in Indonesian 27 Jul 96*

[Unattributed report — received via Internet]

[FBIS Translated Excerpt] Jakarta, 17 Jul—The headquarters of the Indonesian Democratic Party Central Executive Board, PDI DPP, situated at 58 Jalan Road, Diponegoro, central Jakarta, which had been occupied by Megawati Sukarnoputri's supporters, were successfully taken over at about 0910 [0210 GMT] on Saturday by the PDI DPP, which was elected at the party congress in Medan.

The attempt to take over the headquarters was supported by hundreds from the PDI's task force who support the new congress. The effort began at 0600 but encountered strong resistance from the Megawati supporters holed up inside. As a result, the two sides threw stones at each other, which sparked clashes that caused injuries to some people.

Although the PDI's pro-congress faction managed to enter the headquarters, more than 10 supporters of the Megawati faction remained in the building; police personnel had to drag them out.

Alex Widia Siregar, an official of the new central executive board, sa?? that police personnel were called in to remove Megawati's supporters from the building in order to prevent bloodshed.

Prior to the takeover of the headquarters, several motorcycles and items found in the compound were set on fire. The fire did not destroy the headquarters building because it was immediately extinguished by firefighters during the ongoing clashes. The commotion also created congestion in the streets, so that traffic was detoured and the area temporary closed. The takeover was also accompanied by shouts of: Long Live PDI, Long Live PDI.

There were no reports on the number of casualties, but some sources said that at least 11 to 20 people were injured in the clashes and had been taken to the hospital. In addition to the smoke belching from the site of the fire, the PDI headquarters appeared undamaged. The mini-theater that was used as a platform for the free speech forum was dismantled by the pro-congress PDI members, and the pro-Megawati placards were also taken down.

The takeover was witnessed by officials of the new DPP, such as Secretary General Buttu R. Hutapea, DPP Chief Yahya Theo, Romulus Sihombing, and Harsoko Sudiro, as well as Alex Widia Siergar.

Buttu Hutapea told the PDI members who participated in the takeover of the headquarters that the PDI DPP greatly appreciated their actions in not allowing the continued misuse of the building. After thanking them, Buttu Hutapea went into the headquarters building, accompanied by task force officials. [passage omitted on new board's patient wait to take over the headquarters]

When contacted via telephone by PEMBARUAN, Megawati Sukarnoputri commented: "See, now you can see who acts with aggression. Let us just wait to see what this is going to prove to be."

Megawati, elected as the PDI chairman at the party's national congress, was not ready to give any further comment on the incident because she was busy attending to matters related to the takeover of the PDI headquaters. "That's all," Megawati said, ending her telephone conversation. [passage omitted on PDI temporary headquarters and preparations for the takeover]

Indonesia: 'Thousands' of Military Personnel Deployed

*BK2707115096 Hong Kong AFP in English
1134 GMT 27 Jul 96*

[FBIS Transcribed Text] JAKARTA, July 27 (AFP)—A violent police raid on the headquarters of an opposition party led to widespread riots across Jakarta Saturday, with tens of thousands of taking to the streets, some setting fire to buses and buildings.

Hundreds of riot police and members of a breakaway faction of the opposition Indonesian Democracy Party (PDI) stormed the party's headquarters early in the day, leaving 87 injured by official counts.

Officers bashed down the front gate, set fire to banners and forcibly removed supporters of ousted party leader Megawati Sukarnoputri, who had been holed up in the building for more than a month.

The government has recognized a breakaway faction of the party as the PDI's legitimate new leaders, but Megawati's faction—saying it was still the party's legitimate leadership—had defiantly continued to occupy the headquarters.

Megawati, the daughter of Indonesia's founding president, Sukarno, is widely regarded as one of the few people who could seriously challenge incumbent President Suharto, 75, in 1998 elections.

After authorities turned over the headquarters to the breakaway PDI faction, crowds of Megawati supporters, who chanted and cheered Megawati all afternoon, swelled to tens of thousands.

At 2.30 p.m. (0730 GMT) the Jakarta military commander Lieutenant Colonel Jule Effendi ordered his troops to disperse the crowds, a PDI official said.

Witnesses said scores were injured in the ensuing charge after which authorities chased protesters down streets.

The charge sparked rioting by youths angered by the morning's raid.

At least six buildings were set alight in the Salemba area of central Jakarta, including a Department of Agriculture building, military dormitory and two car showrooms.

One group of youths drove a car from a Toyota showroom out onto the street, crashed it into a pole and set it alight, a witness said.

Thousands of youths ransacked the buildings and set fire to furniture and other office equipment, leaving debris and smoke billowing onto the roads.

One eyewitness said there were not enough military personnel in the area to control the youths, despite the despatch of 14 truckloads of troops as well as armoured personnel carriers that sprayed an liquid irritant onto the rioters.

Bank Swansarindo Internasional and Bank Maya Raga were also partially set ablaze and badly damaged by thrown rocks.

Military personnel had earlier fled the area, which is close to the PDI headquarters.

"It's like a war zone out here. Jakarta hasn't seen anything like this for a long time," said one long-term resident.

At the height of the rioting, hundreds of people were chased by police into railway station near the PDI office. Others took shelter in mosques and the offices of the Legal Aid Institute.

Three truckloads of special forces armed with automatic rifles—about 100 troops total—were sent as reinforcements to the most violent area late Saturday.

As night fell, all of central Jakarta was shut off to traffic, though police cars and police helicopters continued to patrol the area.

Thousands of military personnel have been deployed across the city of more than 10 million, especially in the centre and near the presidential palace.

Figures for the total number of injured were not immediately available.

An AFP photographer and an American diplomat were among those hurt in the afternoon police charge.

Ed McWilliams, a political attache at the US embassy, was hit when he tried to stop soldiers from beating a woman.

Megawati was ousted as PDI leader by the breakaway faction at a rebel party congress last month that was held with the backing of the government and the military.

Suryadi, has been recognized as the party's leader by Suharto.

However, Megawati's faction has launched a series of lawsuits in hopes that courts will declare its ouster illegal.

The PDI is one of only three legally recognised parties in Indonesia, so Megawati's removal from party leadership has been seen as a bid to shut her out of electoral politics.

Indonesia: Fires Continue To Burn After Day of Rioting

*BK2707150296 Hong Kong AFP in English
1441 GMT 27 Jul 96*

[FBIS Transcribed Text] JAKARTA, July 27 (AFP)—Fires continued to burn Saturday evening in parts of central Jakarta after a day of rioting which left government buildings gutted, buses destroyed and possibly hundreds injured.

By nightfall the authorities appeared to have largely abandoned the central Salemba area to the rioters.

Just before 7.00 p.m. (1200 GMT), within an hour of nightfall, a six-storey building housing the state Export Import Bank was seen in flames.

One person, trapped in the upper floors, attempted to escape through a window using knotted-together curtains but fell after losing their grip and crashed onto a glass roof.

An eyewitness said the person was carried away, apparently unconscious, by demonstrators.

It was not possible to approach the site of the fire, and authorities, who saw the drama unfold before their eyes, did not intervene.

Two neighbouring buildings that also house financial institutions were deliberately ransacked by protesters, mostly youths, who dragged computers, furniture and files into the street before setting them afire.

The burned-out carcasses of several vehicles, including three buses, dominated roadways already littered with debris, and black smoke from burning tyres was visible into the distance.

There was no evidence of firefighters.

Military helicopters circled overhead the city into the evening. Police in full riot gear could be seen arrayed around a parked armoured vehicle but appeared reluctant to move out.

The absence of authoritative activity in the evening contrasted sharply with the morning's violent raid on the headquarters of the Indonesian Democracy Party (PDI) to remove supporters of ousted party leader Megawati Sukarnoputri.

It was also a marked contrast with the police's vigorous early- afternoon charges against thousands of pro-Megawati protesters who later gathered.

Hundreds of riot police and members of a breakaway faction of the PDI stormed the party's headquarters early in the day, leaving 87 injured by official counts.

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Figures for the total number of injured were not immediately available.

Indonesia: Security Authorities Arrest 176 in 27 Jul Clashes

BK2807085196 Jakarta Radio Republik Indonesia Network in Indonesian 0000 GMT 28 Jul 96

[FBIS Translated Text] Security authorities have arrested 176 people involved in riotings in central Jakarta yesterday following clashes at the PDI [Indonesian Democratic Party] office between pro-Megawati and pro-Suryadi supporters. Speaking to reporters at the State Palace last night, ABRI [Armed Forces of the Republic of Indonesia] Commander General Feisal Tanjung said security authorities have thus far arrested 176 people, adding that those who committed destruction and disturbed public order would be tried in court. Gen. Feisal Tanjung said nobody was killed when security forces tried to stop the riotings.

Meanwhile, Major General Sutiyoso, commander of the Greater Jakarta Regional Military Command, said the security situation in Jakarta is fully under control, and people should remain calm and alert despite yesterday's clashes at the PDI office on Jalan Raden Diponegoro. Speaking in the presence of Maj. Gen. Hamami Nata, the Jakarta police chief, the commander said nobody was killed, and not more than 20 people were injured in

yesterday's clashes. He added that the PDI office, once occupied by Megawati supporters for more than 45 days, has now declared off limits until further notice. The commander instructed security authorities to do their duty in a firm and professional way. He also called on rioters to stop their brutal actions.

Indonesia: Suharto: Divided Nation 'Will Lead to Destruction'

BK2807112396 Jakarta Radio Republik Indonesia Network in Indonesian 1100 GMT 28 Jul 96

[FBIS Translated Text] President Suharto has called upon all Indonesian people to strengthen unity and integrity because a divided nation will lead to destruction. Speaking at Jakarta's State Palace yesterday to mark the birth of the Prophet Mohamed, the president said the country gained independence in 1945 because of the Indonesian people's unity and integrity. In this connection, the president urged the Indonesian people in general and Indonesian Muslims in particular to study the Prophet Mohamed's struggle in order to strengthen unity and integrity.

Indonesia: ABRI Chief Issues Press Statement on Jakarta Riot

BK2807084596 Jakarta Radio Republik Indonesia Network in Indonesian 0600 GMT 28 Jul 96

[FBIS Translated Text] In the presence of three services chiefs and the national police chief, General Feisal Tanjung, who is ABRI [Armed Forces of the Republic of Indonesia] commander and concurrently chief of Bakorstranas [Coordinating Agency for the Maintenance of National Stability], held a press conference for dozens of local and foreign correspondents in Jakarta moments ago. The following is Gen. Feisal Tanjung's press statement:

[Begin Tanjung recording] Let me issue my statement on the recent political situation in my capacity as ABRI commander and chief of Bakorstranas:

1. The political crisis that affects PDI [Indonesian Democratic Party], has been used by irresponsible individuals and groups through their anarchist actions. Such actions have developed into mob actions that affect national unity and integrity, as well as jeopardize the fruits of development.
2. Any destructive mob action that disrupts public order, obstructs economic activities, and violates the law will certainly cause damage and destruction in society. Therefore, security authorities will take firm action in accordance with existing laws and regulations.

3. PDI members are urged not to commit any acts that allow individuals and groups to disrupt public order and national stability.

4. Members of the public are urged not to fall for any form of instigation, agitation, or provocation by irresponsible individuals and groups.

5. I hereby order all ABRI personnel, wherever they are on duty, to intensify their vigilance, put unity and integrity above all else, safeguard the unity between ABRI and people, and take firm action against any violators of the law and those who disrupt public security and order.

That was the press release I want to convey to all of you. [end recording]

Indonesia: President Suharto Urges National Unity

*BK2807085296 Hong Kong AFP in English
0513 GMT 28 Jul 96*

[FBIS Transcribed Text] JAKARTA, July 28 (AFP)—Indonesia's President Suharto has called for national unity, the official Antara news agency reported Sunday, making the comments the day Jakarta was rocked by its worst riots in a quarter century.

"The unity of our country is the foremost capital of our people's struggle. Only with unity and high discipline can we develop a future together," Suharto said during a Muslim celebration at the central Mosque here Saturday, the day the riots occurred.

Thousands of rioters took the streets of Jakarta on Saturday, burning and looting buildings.

Some 87 people were injured, 35 of them seriously, according to provisional figures quoted by sources close to the opposition.

President Suharto, 75, appeared "very tense and very serious," according to diplomatic sources present at Saturday's celebration.

However, Suharto's speech did not make any reference to Saturday's riots.

The unrest was sparked off by the storming in the morning of the headquarters of the opposition Indonesian Democracy Party (PDI) by members of a rebel party faction and hundreds of riot police.

Indonesia: Ousted Opposition Leader on Storming of PDI Office

*BK2807090896 Hong Kong AFP in English
0642 GMT 28 Jul 96*

[FBIS Transcribed Text] JAKARTA, July 28 (AFP)—Hundreds of armed soldiers and police clamped down

harshly on Jakarta Sunday in the aftermath of the worst riots in more than 20 years set off by police storming an opposition party's headquarters.

As nearly 200 people were detained following the Saturday riots, ousted opposition leader Megawati Sukarnoputri called the storming "a misuse of power" while Indonesian President Suharto called for national unity.

"We are very much against the actions as it is blatantly against the law," said Megawati, the daughter of Indonesia's founding president Sukarno. "It is a misuse of power and somebody must be made responsible."

Suharto did not mention the riots in a speech at a mosque Saturday but said, "the unity of our country is the foremost capital of our people's struggle. Only with unity and high discipline can we develop a future together."

Megawati is regarded as one of few people who could seriously challenge Suharto in presidential election due in 1998.

Hundreds of armed soldiers, including special forces and marines, joined police in guarding central Jakarta Sunday, setting up roadblocks and rounding up passersby on the streets where burning and looting occurred a day earlier, witnesses said.

Armed marines "savagely beat up" around ten people in central Jakarta and took them away, a witness said.

They also roughly rounded up another group of a dozen people strolling on the street, pointing their weapons at them and demanding whether they were there "to make trouble again," another witness told AFP Sunday. The group was allowed to continue on after the incident.

Police said they detained 181 people in connection with the riots, the official Antara news agency said.

The riots began after police stormed the headquarters of the opposition Indonesian Democracy Party (PDI), where supporters of Megawati had been holed up for over a month.

Saturday's violence left 87 injured, including 35 seriously, according to provisional figures from sources close to the opposition.

Megawati was ousted as PDI leader by the breakaway faction at a rebel party congress last month, a meeting which was backed by the government. The government's role in opposition politics had led to widespread international criticism.

Megawati's replacement, Suryadi, has been recognized as the party's leader by President Suharto. There are only three legal parties in Indonesia.

The unrest began in the morning when Megawati opponents gathered outside PDI headquarters and began throwing stones at the building. Police and supporters of Suryadi stormed the building mid-morning, leaving dozens injured.

Later, military troops charged at a crowd of thousands of demonstrators who refused to leave the area of the party headquarters, leaving scores injured, including women and children.

Angry demonstrators turned to looting and burning the Salemba suburb in the afternoon and evening, and neither the police nor the army intervened.

Among the wrecked buildings are three banks plus two showrooms for Japanese cars, a barracks for women soldiers and an office belonging to the Agriculture Ministry.

Legal action has been launched by Megawati supporters to try to reverse her ousting.

Suharto has been in power for three decades, having replaced Megawati's father in the mid-1960s.

Indonesia: Military Official Urges Media To Help Create Stability

BK2807130596 Jakarta Radio Republik Indonesia Network in Indonesian 1200 GMT 28 Jul 96

[FBIS Translated Excerpt] Members of the public are urged not to fall for any form of instigation, agitation, or provocation by irresponsible individuals and groups. ABRI [Armed Forces of the Republic of Indonesia] Commander General Feisal Tanjung made the call in Jakarta today. [passage omitted covered by referent item]

Meanwhile, Lieutenant General Syarwan Hamid, chief of ABRI sociopolitical affairs, called on the national media to help create peace and stability. Speaking to press and electronic media editors in Jakarta this evening, Lt. Gen. Syarwan Hamid said existing data and facts showed that certain individuals had capitalized on yesterday's violence, which was aimed at opposing the legitimate government. He stressed that brutal actions will not be allowed to continue.

[Begin Hamid recording] The objective of those who staged the free speech forum at Diponegoro Road yesterday is obvious. We do not have to discuss it, but we must handle it carefully. We must not give them an opportunity to [words indistinct]. It is obvious that their actions are aimed at opposing the government. The new order forces must stand up to deal with it. We must not sit idly and allow them to grow. If necessary, we

can reduce their sphere of influence by shaping public opinion. [end recording]

Commenting on the security authorities' harsh treatment of journalists, Syarwan Hamid said it was unintentional because ABRI and the national media have always worked together to preserve national unity and integrity.

Indonesia: Megawati Says Suryadi Responsible for Attack

BK2907100096 Jakarta REPUBLIKA in Indonesian 29 Jul 96

[Unattributed report — received via Internet]

[FBIS Translated Text] Republika Online — Megawati's house located at Jalan Road, Kebagusan IV, Pasar Minggu, South Jakarta appeared to be more "lively" than Suryadi's house on Saturday [during the takeover of the Indonesian Democratic Party office]. The house serves not only as an operations center, but also as a "hospital." Several PDI [Indonesian Democratic Party] executives and dozens of youths, whose heads were covered with bandages, were seen in the house. Some of the youths were seen lying on the floor. Other youths were seen sitting and discussing the attack against the PDI office at 58 Jalan Diponegoro. A woman showed her bruised arm and waist after having been hit by a security officer' rattan stick.

Before replying to reporters' questions, Megawati, wearing a black blouse, showed a fax message from Mrs. Rahmi Hatta [wife of one of Indonesia's founding fathers] expressing concern over the attack on the PDI office.

Megawati said the PDI office takeover and occupation are illegal. She also holds Suryadi responsible for the incident. "Suryadi obviously cannot control his followers, who used illegal means to capture the office," she said, adding that Suryadi's leadership is illegal until a court ruling declares otherwise. She also questions the government's action, which has deliberately created two PDI factions. The following is an excerpt of Megawati's interview with reporters:

[Unidentified correspondent] What is your comment on the large number of casualties among your followers during the 27 July incident?

[Megawati] I will tell you what happened on that day. I wanted to join my followers at Jalan Diponogoro at the critical moment, but after a brief meeting I was not allowed to go there. My assistants told me that my presence would only disturb their concentration to fight. I continued to monitor the situation from here, however, and told party executives to do the same. Finally, I

instructed [party leader] Sutarjo Suryoguritno to hold talks with the military.

[Correspondent] Suryadi claimed he had tried to approach you for talks before the attack, but your stand remained unchanged.

[Megawati] It is not true that he has approached me.

[Correspondent] What are your plans now?

[Megawati] We will continue to take the legal approach because our country is based on law. The court will hear our lawsuit against Suryadi on 1 August.

Indonesia: Article Says Troops' Action Ends Hope for Reform

BK2907065696 Sydney THE SYDNEY MORNING HERALD in English 29 Jul 96

[Article by Louise William in Jakarta: "Action Dashes Hope for Change" — received via Internet]

[FBIS Transcribed Text] When troops moved on pro-democracy activists occupying the headquarters of the Partai Demokrasi Indonesia (PDI) over the weekend, they ended the hopes of millions of Indonesians that the authoritarian government of President Suharto would be able to respond to demands for democratic change.

That the Saturday morning assault provoked such violent riots throughout the weekend - involving tens of thousands of people - is evidence of the frustration building beneath the surface of Indonesia's tightly controlled political and social environment.

"The response was so great because people knew this was the end of their hopes that the Government would listen to their demands," said noted political scientist, Dr. Arbi Sanit, of the University of Indonesia.

According to Dr. Sanit, the use of police and military force to end the popular uprising demonstrated the declining control of the Suharto government.

"The control of the government is deteriorating. The belief of the people in the government is declining and the government is losing control," he said.

"The more the Suharto government uses police and military power, the less real power it holds."

It was no coincidence that the targets of the protesters' anger were government buildings and symbols of economic growth.

For decades the Suharto government has insisted that only with strong control and restrictions on freedom of speech and political organisations can Indonesia achieve the stability necessary for economic development.

But while economic growth has been achieved and poverty levels greatly reduced, the Indonesian Government model has been unable to address the side-effects of unchallenged power: an unresponsive and often corrupt civil service, visible abuses of power by government and military officials for personal gain, and a widening gap between the spectacularly rich political elite and the majority of the people.

In recent months, a number of prominent religious leaders, academics and former government officials have warned the Suharto government that unity through the imposition of force and the restriction of public debate is false unity.

Ten decades of an economic growth rate of around 7 per cent have transformed Indonesia from a nation dominated by rice farmers barely making a living to a rapidly growing, urbanised and industrialised power.

New issues such as labour rights in the industrial sector and the pressure of overcrowded cities cannot be accommodated by a static political model in which one man - and his family - holds such absolute power.

That the people of Jakarta reacted with such anger to the assault on the PDI headquarters is as much an indication of the frustrations of urban life as loyalty to a political party or ideology. The protesters were clearly ordinary workers, confirming the fears of many political commentators that the gap between the rich and poor is reaching a level where stability can no longer be maintained.

Mr. Adi Sasono, head of the Centre for Development Studies, said Indonesia's wealth gap was fast approaching the internationally recognised cut-off point for maintenance of social cohesion.

He said the Suharto Government had only two choices: "accelerated evolution" of the political process to give people a greater say or "revolution on the streets".

Commentators agree the weekend's rioting attracted a wide range of people extending well beyond membership of the PDI.

"What this has demonstrated is the very real potential for a people's power movement in Indonesia," Dr. Sanit said.

But protesters, who were continuing their action in parts of Jakarta last night, were facing soldiers who strongly believe in Mr. Suharto's model for success.

Said one military intelligence officer: "We have to stop this now [the rioting]. We will get democracy eventually but we have to finish our task of economic development first."

In the short term, President Suharto has regained control of the capital but, in the longer term, it is unlikely that he has defeated those who took on the police and the military, armed with little more than rocks, harsh words and molotov cocktails.

Indonesia: Riots Viewed as 'Challenge' to Suharto Regime

BK2907070396 Sydney THE AUSTRALIAN FINANCIAL REVIEW in English 29 Jul 96

[Article by Greg Earl in Jakarta: "Challenge to Suharto: Troops Used to Quell Riots" — received via Internet]

[FBIS Transcribed Text] The Indonesian Government is facing a serious challenge to its legitimacy after using hundreds of combat-ready troops to put down the strongest public threat to President Suharto in 20 years.

The government yesterday intensified its crackdown on supporters of the ousted leader of the opposition Indonesian Democratic Party (PDI), Mrs. Megawati Sukarnoputri, when it issued police with automatic weapons to quell another day of public demonstrations.

After one violent clash yesterday morning, the troops prevented any further large-scale demonstrations and attacks on property following the rampaging on Saturday which caused damage valued at tens of millions of dollars.

Most soldiers and many police were yesterday armed with automatic rifles and other combat equipment. It was a major escalation of the government's response from Saturday, when mostly unarmed police used batons and shields.

Seven banks in a two kilometre stretch of central Jakarta were ransacked or burnt in a wave of violence which began with the takeover of the headquarters building of the PDI. The violence came less than two days after Indonesia had hosted the region's most important annual meeting, attended by 21 foreign ministers, where Indonesia faced pressure over democracy and human rights.

Indonesia has maintained an authoritarian political system despite rapid economic liberalisation over the past five years, a period when several other Asian countries have had to liberalise their political systems.

Australia's minister for foreign affairs, Mr. Alexander Downer, has instructed the Australian embassy in Jakarta to monitor the situation and to keep him informed.

"Resolving the current situation is of course essentially a matter for Indonesia," a spokesman for Mr. Downer said

yesterday. The violence in Jakarta comes little more than a week before the Prime Minister, Mr. John Howard, was scheduled to make an official visit to Indonesia and Japan. Yesterday he cancelled the trip - his first overseas as prime Minister - because of his wife's illness. "My wife, Janette, will be admitted to a Sydney hospital early next week for a major operation," Mr. Howard said in a statement. He said he had spoken to Indonesia's President Suharto on Saturday to advise him of the situation. Indonesian financial markets face severe turmoil today after both stock and currency markets fell on Friday amid unsubstantiated rumours that Mr. Suharto was ill again.

In a speech at the national mosque to mark the prophet Mohammed's birthday, Mr. Suharto made no reference to the fighting but called for national unity. The head of the Indonesian armed forces, General Feisal Tanjung, reportedly called on people to remain in their houses and maintained that the army had control of the situation.

But in the secondary commercial district where the main violence occurred on Saturday, small groups of angry youths started small protests and then evaporated into small side streets as the military moved in.

Late yesterday, machine gun-wielding soldiers and police were scattered at 300-metre intervals along several kilometres of road, preventing crowds from gathering.

The troops sealed off the headquarters of the country's main Muslim religious organisation, Nahdlatul Ulama, in a surprising show of force on what was a Muslim religious public holiday.

There was also a heavy presence of soldiers around the private houses of Mr. Suharto and Vice President Try Sutrisno, and the major road past the ransacked headquarters of the PDI was closed.

Many political observers are divided over whether the weekend demonstrations have reached a stage that could force any changes of policy on Mr. Suharto's government.

Indonesia: Minister Says Jakarta Situation Back to 'Normal'

BK2907080196 Jakarta Radio Republik Indonesia Network in Indonesian 0700 GMT 29 Jul 96

[FBIS Translated Text] The government is pleased to announce that the situation in Jakarta has returned to normal and is now under control following the weekend riotings. Susilo Sudarman, coordinating minister for politics and security affairs, and other officials reported the latest situation in Jakarta to President Suharto today. Our correspondent Latiman reports:

[Begin recording] [Latiman] Speaking after a meeting with President Suharto at Jakarta's State Palace today, Susilo Sudarman said a third party was behind the weekend rioting. During the meeting, Sudarman was accompanied by the justice minister, the minister-state secretary, the attorney general, the ABRI [Armed Forces of the Republic of Indonesia] commander, and the national police chief. Sudarman called on members of the public to remain vigilant, adding that security authorities would take firm action against rioters. Sudarman identified the third party as Partai Rakyat Demokrasi [Democratic People Party] and its mass organizations; however, thanks to their swift action, the security forces were able to disperse the rioters immediately.

[Sudarman] It has been proved that a third party was behind the rioting. The third party was Partai Rakyat Demokrasi, and even the president is aware of its existence. If you watch the television programs, you will notice that the situation is similar to that after 1965. At that time, the PKI [Indonesian Communist Party] remnants were still formless, but now a form of organization has already materialized, namely, the Partai Rakyat Demokrasi. Therefore, members of the public are urged to remain vigilant. This organization should not be allowed to penetrate other organizations. Those who take part in this movement will certainly face legal action in accordance with the existing laws.

[Latiman] Sudarman said the mass organizations affiliated with the Partai Rakyat Demokrasi are the PTGSI [expansion unknown], the SMID [Students Solidarity for Democracy], the National Farmers Association, the People's Arts Group, the Jakarta People Group, and the Solo People Group. Sudarman also called on people not to believe foreign radio broadcasts, which have distorted facts and exaggerated the number of casualties in the incident. He also stressed that only two people died in the incident — one security guard who fell to his death from a burning building and one person who suffered a heart attack.

Meanwhile, Attorney General Singgih said those who were involved in the weekend rioting are being interrogated and will be tried in court soon. [end recording]

Indonesia: PDI Leader Interviewed on PDI Office Takeover

BK2907101196 Jakarta REPUBLIKA in Indonesian
29 Jul 96

[Unattributed report — received via Internet]

[FBIS Translated Text] Republika Online — The house of Suryadi, chairman of the Indonesian Democratic Party [PDI] Central Executive Board, located on Jalan Road, Denpasar IV in Jakarta's Kuningan District was

under strict security measures. Members of the PDI board elected at the recent congress in Medan were also seen at the house. Suryadi appeared in a relaxed mood and replied to reporters' questions while having his meal of rice and salted fish. The following is an excerpt from his interview:

[Unidentified correspondent] What do you think of the PDI office takeover?

[Suryadi] Nothing special, because we once used that building for PDI activities. I will say more after we formally occupy the building. For the time being, you can talk to our secretary general, Buttu Hutapea. It was decided at a recent meeting that the secretary general has been entrusted with this duty.

[Correspondent] Have you received any report on casualties?

[Suryadi] Yes, but I have not received an official report on the exact number of casualties. We are going to include this in the upcoming meeting agenda, and we will make a decision. At the previous meeting, we only discussed replying to letters from party branches.

[Correspondent] Who should be held responsible for the clashes?

[Suryadi] It is hard to say.

[Correspondent] Are you going to help the victims?

[Suryadi] Certainly, we will help to the best of our ability. We will decide what we can do after our meeting.

[Correspondent] Is this in line with the president's call for unity?

[Suryadi] Yes. We will visit them in the hospitals. We must first, however, make a decision about this at the meeting.

[Correspondent] To preserve unity in the PDI, have you made contacts with Megawati?

[Suryadi] No, not yet.

[Correspondent] Have you written any letters?

[Suryadi] Not yet, but I have made indirect contacts through friends.

[Correspondent] Do you need a mediator, as [Supreme Advisory Council Chairman] Sudomo said?

[Suryadi] I believe Sudomo should stay where he is. I prefer to have President Suharto as mediator.

Indonesia: Dailies Comment on Jakarta's Weekend Rioting

BK2907085296 Jakarta Radio Republik Indonesia Network in Indonesian 0600 GMT 29 Jul 96

[From the press review]

[FBIS Translated Text] ANGKATAN BERSENJATA says an internal dispute within a political party has led to rioting resulting in death and injuries. If we carefully study the dispute among PDI [Indonesian Democratic Party] members, however, it is obvious that certain outsiders with ulterior motives are behind the rioting. Although we still do not know who is responsible for last Saturday's rioting, we must applaud the security authorities' swift action in getting the situation under control.

POS KOTA has called on security authorities to launch a thorough investigation into finding those who were behind the brutal and illegal actions. Those who are found guilty must be punished in accordance with existing laws. The general public is expected to participate in maintaining national security and stability. They must also maintain their vigilance and refuse to be provoked by misleading news.

Indonesia: Editorials View 27 Jul Riots in Jakarta

BK2907154496

[FBIS Report] Three Indonesian-language dailies received via Internet — KOMPAS, REPUBLIKA, and MEDIA INDONESIA — carry editorials on 29 July on the takeover of Indonesian Democratic Party, PDI, headquarters on 27 July, which led to widespread riots in Jakarta.

In a 600-word editorial entitled "We Regret the Riots That Followed the Takeover of the PDI Headquarters," KOMPAS says: "We regret and are very concerned about Saturday's incident. We regret that it turned into wildness, causing casualties to people and damage to property. There can be a sudden outbreak of rioting when a large crowd is concentrated in one place. We must, however, be wise enough to admit that any incident is always linked to remote causes. The incident in Jakarta Saturday can be described as an explosion of various issues that have been accumulating, including the PDI's prolonged internal conflict."

KOMPAS continues: "As seen from the mass media reports, particularly the electronic media that broadcasted the Saturday riots, we realize that people who have been torn by several problems can easily be cornered into participating in riots. This is because they are emotionally confused, not only by politics but also by social rivalries and other dissatisfaction."

KOMPAS goes on to say: "In connection with this incident, we would like to reiterate that differences of opinions are the realities of a democratic life, which to a certain point become the basis for dissatisfaction."

The daily says in conclusion: "After witnessing the negative impact of the savage acts, or the riots, we believe that differences of opinions should be settled through negotiations. Prolonged rioting can force us to start all over again. Obviously, this is not what we expect to do."

In a 400-word editorial entitled "Subject: Back to Normal," REPUBLIKA notes that, although all the factions had promised not to resort to force, the 27 July incident was an act of aggression.

Describing the clashes and ensuing violence, REPUBLIKA expresses thanks that the security forces were quick to quell the riots without firing any shots.

REPUBLIKA adds: "Based on the press coverage of the PDI conflict, we can extract the essence of the issue. The PDI conflict has been aggravated and the differences of opinions have become wider due to the presence of outsiders who are actively involved in the party's affairs. Thus, when the conflict became more serious, mass rioting took place."

Continuing, REPUBLIKA says: "President Suharto mentioned the involvement of certain groups in the PDI conflict when he received Suryadi and members of the party's central executive council who were elected at the congress in Medan. Actually, these groups only have one common objective: to take advantage of the PDI conflict as an indicator that there are changes heading their direction or in accordance with their aspirations."

REPUBLIKA adds: "The identity of the groups taking advantage of the PDI conflict is not clear, but statements on this issue often mention the presence of activists who claim they are members of Nongovernmental Organizations. They have taken part in several mass demonstrations, identifying themselves as PDI masses."

REPUBLIKA concludes: "We should take wisdom from the incident at Diponegoro Road. What a pity that the effort to resolve the PDI conflict has been marked by riots and aggression. We hope that all sides involved can refrain from increasing the tension."

In a 400-word editorial entitled "A Gray Saturday," MEDIA INDONESIA expresses regret over the tragic riots. The daily describes the clashes, the savage acts, and the chaotic condition during the riots as a pitiful sight.

The daily says: "We mourn for the victims of the incident and regret to witness aggressive acts and brutality that are useless to all of us. We are sure that the government can restore peaceful conditions. We also hope, however, that the people will participate actively in maintaining peace and order. No matter what, the best maintenance of peace is by the people and for the people."

Continuing, the daily says: "Though we are not trying to belittle the PDI issues that led to the Saturday riots, there are actually larger issues that require our common attention and thoughts."

Citing the need for intensified efforts by the people and religious leaders to cool down a heated situation, the daily concludes: "We should learn from history that our people and our nation have never benefited from rioting. On the contrary, we experience moral and material losses. We should be broad minded and not repeat the same mistakes."

Philippines

Manila Condemns China's Nuclear Test, Welcomes Announcement

BK2907113496 Hong Kong AFP in English
1052 GMT 29 Jul 96

[FBIS Transcribed Text] 29 July (AFP) — The Philippines on Monday condemned China's latest nuclear test but welcomed Beijing's announcement that it would be the last.

"This Chinese action is doubly troubling, because it was done despite and with total disregard for the calls and appeals of the international community for it to forego this test," the Department of Foreign Affairs said in a statement.

However, Manila expressed relief over the announcement by Chinese officials that the blast would be the last one before it begins to observe a moratorium on such tests beginning Tuesday.

"This gives hope that the CTBT (Comprehensive Nuclear Test Ban Treaty) will be signed before the end of this year, as China had earlier given the assurance that it is prepared to sign the treaty," the statement said.

The world's other declared nuclear powers — Britain, France, Russia and the United States — all support a ban on further nuclear tests.

Philippines: Defense Chief Denies Reported Threats Against APEC Meet

BK2607124696 Manila MANILA STANDARD
in English 23 Jul 96 p 6

[Report by Marc del Rosario]

[FBIS Transcribed Excerpt] Defense Secretary Renato de Villa yesterday denied media reports that armed breakaway factions of the Communist Party of the Philippines [CPP] and the National Democratic Front [NDF] will disrupt the forthcoming Asia-Pacific Economic Cooperation summit the country is hosting this November.

"These reports remain unconfirmed. We have not received any word on the matter from Ambassador Howard Dee, but as far as I know, there is no confirmed communist threat as of this time," the defense chief told reporters before the start of the Philippine's State of the Nation Address.

Media reports did not identify which particular breakaway faction of the CPP-NDF will carry out terroristic activities in order to embarrass the government before the international community.

But according to former Armed Forces Chief of Staff General Lisandro Abadia, head of the APEC Organizing Committee, sophisticated security measures have already been set up to ensure the safety of the heads of state of the different APEC member countries and to thwart any attempt to disrupt the summit.

The government and leaders of the CPP-NDF based in the Netherlands have reached a deadlock on a negotiations for an end to the 70-year communist insurgency. President Ramos, in his State of the Nation Address yesterday, acknowledged that this is due to the basic ideological difference between the two panels and the hardline position taken by the CPP-NDF.

De Villa said there is still no word from Ambassador Dee, the head of the government panel, on the schedule of the next round of talks. [passage omitted]

Philippines: Security Adviser Says Threats Against APEC 'Real'

BK2907093296 (Internet) The Journal Group WWW
in English 24 Jul 96

[This web page publishes material from four daily newspapers and a weekly magazine put out by the "The Philippine Journalists, Incorporated (PJI), also known as The Journal Group." The dashes are THE PEOPLE'S JOURNAL, THE PHILIPPINE JOURNAL, THE PEOPLE'S JOURNAL TONIGHT, and THE

PEOPLE'S TALIBA. The weekly is the WOMEN's JOURNAL; report by Bernadette E. Tamayo]

[FBIS Transcribed Excerpt] Almonte [National Security Adviser Jose Almonte]: Threats against APEC real. Almonte declined to discuss the intelligence report he submitted to President Ramos concerning the supposed plot of the "Lagman Group" to disrupt the APEC meeting.

"When you receive information like this even when it is still being investigated because of the seriousness of the implication, we have to inform the highest level, Almonte told Malacanang [presidential palace] reporters.

He was reactin'd] 2?m??denial of Felimon Lagman that he and his group were planning terrorist activities, including assassination of delegates, bombings, hostage-taking, and kidnappings during the APEC conference.

"If there are any alluded to and they say it is not true, then this is one occasion where I hope we are proven wrong. I would be very happy because that is the best." Almonte stressed.

As a rule, he said, his office does not send out any information in the intelligence community "unless it is well-investigated (and) validated ... unless it can stand the most rigorous examination."

"I would rather be proven that this thing (terrorist threat) is not correct. I'm happy. However, let me tell you: I never lied," Almonte told Palace newsmen.

President Ramos recently ordered the police to stop the alleged plot by Lagman's group, who allegedly has links to the Alex Boncayao Brigade.

Police authorities belittled the alleged plot saying security preparations have been set up to ensure the safety of local and foreign delegates attending the APEC summit.

Lagman, who led a labor group since his release from prison in 1994, denied the report, saying it was "nothing but a figment of the imagination of Almonte."

In a statement faxed Monday to media outfits, Lagman said: "What is very evident is Almonte's plot to sabotage protest activities against APEC with (his) usual scare tactics and dirty tricks." [passage omitted]

Manila Intensifies Security Preparations for APEC Meeting

BK2907154696 Quezon City GMA-7 Radio-Television Arts Network in Tagalog 0930 GMT 29 Jul 96

[FBIS Translated Text] Press Secretary Hector Villanueva has said the implementation of tight security

measures at all international airports in the country will continue. Villanueva added that the preparations made by security experts for the security of those attending the Asia-Pacific Economic Cooperation meeting in November is going full steam. It is certain that tighter security measures will be enforced during the APEC meeting following the bombing at Olympic Park and the TWA Flight 800 explosion. All of the foreign security experts and delegates who have visited the country reportedly have no complaints regarding the security measures implemented in the country.

Thailand

Thailand: Official on Plan To Bring U.S. Shrimp Ban Before WTO

BK2707130896 Bangkok THE NATION in English 27 Jul 96 pp B1, B2

[Report by Nitsara Sihanam]

[FBIS Transcribed Text] Thailand and other ASEAN countries plan to accuse the United States of applying unfair measures to prohibit their shrimp exports to the US before the World Trade Organisation [WTO].

Plotprasop Suratsawadi, director general of the Fisheries Department, said after his trip to the US during July 17 to 25 that ASEAN members, together with China, Canada, Taiwan and Australia, are expected to discuss the plan under the WTO framework over the next few months.

"If we can produce a joint complaint, I am confident we would win the case. The evidence is clear that the US has violated WTO rules," Plotprasop claimed at yesterday's conference.

Washington recently banned wild-harvested shrimp imports from any country which fails to prove that the shrimp were caught using turtle-safe nets. Thailand is on the list of uncertified countries as the US request was described by Thai officials as difficult to follow.

They said the procedures will require some time to implement, but exporters cannot wait due to the nature of the product.

Plotprasop said he urged the people he met in the US to relax the regulations to allow imports of Thai shrimp.

He said the trip has produced some progress. After meeting with David Colson, deputy assistant secretary of the US State Department, Plotprasop received an assurance that the US would allow shipments which can prove that the shrimp were caught with turtle-safe nets to enter the country on a voluntary basis.

Nonetheless, the fisheries director general said Thailand still has no choice but to raise the issue with the WTO. The US cited a recently-adopted resolution by the international trade court as a means to sanction Thai wild-harvested shrimp.

Plotprasop said the US should not allow its domestic laws to supersede the international agreement. He said such a move could be considered a "unilateral action".

"The US embargo violates Gatt rules because it did not consult its trading partners prior to the decision," Plotprasop claimed.

According to Plotprasop, China, Canada, Taiwan and Australia have shown strong interest in joining with ASEAN to file the petition against the US at the WTO.

ASEAN members have urged Thailand to act as the leading plaintiff because the country has suffered the most from the ban. Plotprasop added that Thailand has strong intentions of solving the problem. For instance, next month Thai trawlers will start using 500 sets of turtle-safe nets. The number of the devices will soon be increased to 2,000.

He said Thailand will also be able to produce turtle-safe fishing devices as the technique is not complicated and they are not expensive at [Thai baht] Bt2,000-3,000 each.

However, he expressed concern that the latest petition from Earth Island, an influential environmental group in the US, might deal another blow to Thai shrimp exports.

Earth Island filed a petition with the international trade court accusing the US of allowing Thai exports to enter the country even though Thailand has yet to prove that its trawlers use turtle-safe nets.

Plotprasop said that in October Thailand will organise a seminar to educate its fishing fleet about the use of turtle-safe nets.

Thailand: Frozen Food Firms Urge 'Retaliatory Action' Against EU

*BK2907082596 Bangkok BANGKOK POST
in English 26 Jul 96 p 17*

[Unattributed report]

[FBIS Transcribed Text] Thai frozen food producers want retaliatory action against the European Union's plans to cut their trade privileges.

The Thai Frozen Foods Association has called on Prime Minister Banhan Sinlpa-acha to respond strongly to changes in the EU's Generalized System of Preferences [GSP] that affect several exports, including seafood, from 1 January.

The association claims the government's "inefficient" handling of the issue will make Thai products less competitive in the EU and warns there will be a serious drop in the value of the country's marine product exports as a result.

Politicians talked a lot about agriculture and exports during the election campaign last year, the association said in a statement, but the government has failed to deliver on the rhetoric, judging from its handling of the GSP issue.

Calling for an end to the government's "sugar-coated speeches", the association said the new GSP scheme would tax three categories of Thai products higher than the same goods from other countries: fishery products; live plants, vegetables, and fruit; and prepared foodstuffs, beverages, spirits and vinegar.

The new tax rate for Thai frozen shrimp will be 8.1-9.72 percent, up from 4-4.5 percent. A new rate of 4.2-5.04 percent will apply to similar products from other countries.

Because of these higher rates, Thai products would be more expensive in the EU and sales might drop. The livelihood of hundreds of thousands of shrimp farmers, pineapple growers, and workers in the canning industry would be at stake, the association said.

"In dealing with superpowers, the government seems to be very subservient and submissive.

"We tend to have a mai pen rai (never mind) attitude that results in us being taken advantage of. But this time we cannot afford to lose. Too much is at stake. Think of the poor farmers and of how little money they make. And of the shrimp farmers and their debts to banks for the initial investment in starting up their farms," the statement read.

The association said Thailand could make the EU realize it meant business by learning from the Chinese in their dealings with the United States.

When the U.S. was planning to remove China's Most Favored Nation trading status, Beijing applied temporary trade measures that brought the U.S. back to the negotiating table, it said.

Thailand could do the same with the EU. Last year Thailand imported agricultural products from the EU worth more than 12 billion baht.

"There must be several items among them that are major income earners. The government should review the import duties on these items as well as consider short-term measures on EU agricultural products."

An appropriate first step might be to increase duty or temporarily ban whisky imports from Britain, wine and cognac from France, and dairy products from the Netherlands, Ireland, Germany and Denmark, the association said.

Also, the government should promote the import of agricultural products from Australia and New Zealand which did not discriminate against Thai agricultural products. Their wine and milk powder, for example, were of good quality and cheaper, too.

Without any retaliatory action, Thailand would not set the EU to negotiate and its products would not be able to compete. The impact on the economy would be "devastating", the association warned.

Thailand: Bilateral Talks Held During ASEAN Meeting Viewed

BK2707154796 Bangkok Radio Thailand Network in English 0000 GMT 27 Jul 96

[News in Perspective feature]

[FBIS Transcribed Text] During the recent visit of Deputy Prime Minister and Foreign Minister Amnuai Wirawan to Indonesia for the 29th ASEAN Ministerial Meeting, Thailand held bilateral talks with Russia, South Korea, China, and Malaysia. The talks brought satisfactory results in various areas of cooperation between Thailand and the four friendly countries.

During talks with Russian Foreign Minister Yevgeniy Primakov, Mr. Amnuai called on Russia to increase bilateral trade with Thailand. At present, trade balance has been in Russia's favor because Thailand has imported a large volume of metal products from that country. Russia was asked to buy more Thai rice to help rectify trade imbalance. Both countries will soon sign two agreements — one on the avoidance of double taxation, and the other on Thai-Russian trade and investment promotion. The Thai-Russian Joint Commission will meet in September this year, and both countries will take this opportunity to hold consultation on the expansion of trade and economic cooperation. Thailand and Russia will next year celebrate the 100th anniversary of their diplomatic relations.

In his talks with South Korean Foreign Minister Kong No-myong, Mr. Amnuai asked South Korea to consider investing in car manufacturing in Thailand. South Korea was also urged to open up its market for such Thai products as rice, frozen chicken, frozen shrimp, and fruit. The South Korean foreign minister said imports of agricultural products sometimes lead to political impact, as local farmers are opposed to the move. For this reason, the South Korean government needs to adopt

protectionism. He said Thai rice in the South Korean market faces competition with that from China and India. However, the South Korean government will forward the Thai proposal on car manufacturing to related agencies for consideration. Both countries will soon sign two agreements—one on the establishment of the Thai-South Korean joint commission, and another on the extradition of fugitive criminals.

Regarding talks with Chinese Foreign Minister Qian Qichen, Mr. Amnuai congratulated China for its new status as an ASEAN dialogue partner. He informed his Chinese counterpart that Her Royal Highness Princess Maha Chakkri Sirinthon would pay a royal visit to China in August this year. This will be the 7th visit for Her Royal Highness to that country. Thailand also said it is ready to offer assistance to flood victims in China. China was asked to consider buying more Thai goods especially food and other farm products. Both countries will hold talks on ways and means to increase bilateral trade at the upcoming Sino-Thai Joint Commission meeting in September.

In his talks with Malaysian Foreign Minister Datuk Abdullah Badawi, Mr. Amnuai proposed that the Thai-Malaysian Joint Commission hold a meeting in January next year after the commission held its last meeting two years ago. Malaysia, on its side, proposed that the foreign ministers of both countries maintain direct contacts to prevent possible disputes and misunderstanding between the two nations. As Malaysia will host the next ASEAN ministerial meeting in 1997, the country asked for Thailand's support and advice. In this regard, Thailand pledged full cooperation with Malaysia for the success of this significant meeting.

Thailand: ASEAN Asked To Address Transnational Problems

BK2807115996 Bangkok Radio Thailand Network in English 0000 GMT 28 Jul 96

[FBIS Transcribed Text] The Association of Southeast Asian Nations, or ASEAN, has accepted Thailand's proposal for the solving of transnational problems. Deputy Prime Minister and Foreign Minister Amnuai Wirawan disclosed about the proposal upon his return to Bangkok on Friday [26 July] following the conclusion of the 29th ASEAN ministerial meeting in Jakarta, Indonesia.

Mr. Amnuai said the transnational problems include drug trafficking, economic crimes, money laundering, and illegal transnational labor. To ease and eliminate these problems, he said, new mechanism must be set up to specially deal with them. Mr. Amnuai said he also

called on ASEAN to come up with their agreement on cross-border trade.

According to the ASEAN Free Trade Area, or AFTA, increasing cross border trade among ASEAN countries will be seen by the year 2000. He says if there is no agreement on the issue, the implementation of AFTA is unlikely to achieve a success. Mr. Amnuai said the issue would be raised for consultation at the next ASEAN summit in Vietnam.

Thailand: Gas Project Firms React to Call for Sanctions in Burma

*BK2907061396 Bangkok BANGKOK POST
in English 29 Jul 96 p 1, 3*

[Report by Bunsong Khositchotthana]

[FBIS Transcribed Text] Kanchanaburi — Chances appear remote for the French and American energy groups, Total and Unocal respectively, to withdraw their involvement in Burma's Yadana gas project in spite of stepped-up calls for sanctions to force political changes in that country.

Industry Minister Chaiwat Sinsuwong and Mr. Phala Sukkhwet, governor of the Petroleum Authority of Thailand (PTT) which will import the bulk of the offshore Burmese gas, subscribe to the view.

Mr. Chaiwat said his recent discussion with Total executives indicated that they are not worried about the campaigns by some European human rights groups to force its withdrawal from the \$1 billion Yadana scheme.

"I too don't think of any problems," he said.

PTT chief Phala said Yadana with confirmed recoverable gas reserves of 5.7 trillion cubic feet (tcf), is like a "jewel in the crown" which everybody wants to possess.

"I think France has its way of dealing with things and does not easily yield to pressure," he said. "Look at nuclear power plants. While there is a worldwide opposition to it, they continue to build new ones," he said.

Mr. Phala said there are other international energy companies, like the Japanese, which are eager to take over the Yadana interests of Total and Unocal if the two were forced to pull out.

Total has 31.24 percent shareholding in Yadana, Burma's largest known offshore gas field, with Unocal having 28.26 percent, PTT Exploration & Production Plc of Thailand (part of PTT) holding a 25.5 percent and Burmese state-owned Myanmar [Burma] Oil & Gas Enterprise having 15 percent.

Human rights groups in the West have been critical of Total and Unocal's participation in the project, saying it was tantamount to supporting the Burmese junta's dictatorial policy.

The campaigns to impose economic sanctions against Burma stepped up recently with Denmark being the driving force, following the death in prison on June 22 of James Leander Nichols, Denmark's unaccredited honorary consul in Burma.

A Danish pension fund Kommunernes Pensionsforsikring recently sold its 60 million crown (\$10 million) shareholding in Total to protest its involvement in the Burmese gas project.

Breweries Carlsberg of Denmark and Heineken of the Netherlands both announced earlier this month they were ending business dealings in Burma.

While in Kanchanaburi on Saturday to inspect the route of the pipeline that will transport the Yadana gas to Thailand, Minister Chaiwat reiterated Thailand's adherence to ASEAN's "constructive engagement" policy towards Burma.

"We will not get involved in Burma's internal affairs and would rather cooperate with them economically," he said defending the Thai state-owned energy agency PTT's involvement in the project.

Burmese democracy campaigner Aung San Suu Kyi called, in a videotape smuggled out of the country two weeks ago, for international sanctions to be imposed on Burma to force political changes.

"What we want are the kind of sanctions that will make it quite clear that economic change in Burma is not possible without political change," she said in the videotape made public by members of the European Parliament.

Mr. Chaiwat stressed the need for Thailand to secure energy from external sources like Yadana to meet the domestic fuel demand for power generation which is rising at a rate of 1,000-1,200 megawatt a year.

"If we don't use gas, we need to use oil which is more expensive and not as much environmentally friendly."

The minister and the PTT governor talked about Thailand's intention to increase its gas purchase volume from Burmese and other sources including Burma's Yetagun, located south of Yadana in Andaman Sea. PTT is due to sign Yetagun gas deal with the group led by U.S. oil firm Texaco shortly.

Mr. Phala said the 260-kilometre pipeline on the Thai side, to be built from Ban E-tong, Thong Phaphum

district, Kanchanaburi, to the Electricity Generating Authority of Thailand's 4,600-MW power station in Rat Buri, will have the capacity to take additional gas from other offshore Burmese fields.

PTT has contracted to import 525 million cubic feet per day (MMcfd) of Yadana gas and some 200 MMcfd from Yetagun. The Thai section of the pipeline, 42 inches in diameter can deal with 1,000 MMcfd of gas throughput.

Mr. Chaiwat said all works related to the development of Yadana, 320 km south of Rangoon, both on the Burmese and Thai sides are proceeding well.

He quoted Burmese Energy Minister Khin Maung Thein as assuring him during his recent trip to Rangoon that all supports for the Yadana development including the construction of a port in Tavoy in southern Burma, and the 340-km pipeline, are in place.

The Burmese minister also brushed aside the most concerned threat-possible attacks by ethnic Karen and Mon guerrillas against the parties involved in pipelaying, on the 65-km stretch, which passes through the country's southeastern region close to the western Thai borders.

Maximum security, he said, will be deployed against any possible attempts to sabotage the pipeline.

Five members of the Yadana pipeline route survey team were killed and 11 others wounded by heavily armed attackers in Kanbauk, near the western end of the pipeline, in March 1995. The attackers are believed to be part of the anti-Rangoon resistance force and all the victims were Burmese.

Since then there have been no reports of similar incidents.

Thai liaison officials after talks with their Burmese counterparts said there were moves indicating reconciliation between the Rangoon regime and the ethnic groups.

According to the PTT governor, PTT, through its consultants, is undertaking an additional environmental impact assessment study, particularly on the aspects of forest and wildlife in the Thong Phaphum district where the gas pipeline will be laid.

Phala said PTT has been mindful of concerns about the impact on environment from the construction of the pipeline over a watershed area with "A-1" conservation status in the western Thai region.

The PTT chief said the most sensitive area is a 6-km stretch, from the kilometre post of 18-24, which a previous study classified as "jungle" in the truest sense.

Thailand: Cambodian Border Pass Reopened for Logging

*BK2707110996 Bangkok THE NATION in English
27 Jul 96 p A2*

[Unattributed Report]

[FBIS Transcribed Text] A border crossing in Ubon Ratchathani province yesterday was re-opened for the transport of logs after being closed in 1994 following the massacre of 23 Thai logging workers.

The An Ma Pass, which links the province's Nam Yun district with Cambodia's Preah Vihear province, has been opened to allow the transportation of logs for one year until July 25, 1997, according to an Interior Ministry announcement.

Logs that will be permitted to pass through the border crossing must have been felled before April of this year and also have been approved for export by the Cambodian government.

The re-opening of the pass was presided over by Ubon Ratchathani Governor Yuwat Wutthimethi and Lt. Gen. Mean Saren, governor of Preah Vihear province.

The pass was closed down two years ago after 23 Thai loggers working for the BLP Co Ltd were brutally murdered deep in a jungle in Preah Vihear province in an area near the border. The Cambodian government claimed that it was the work of the Khmer Rouge guerrillas, but no suspects were ever arrested.

Mean Saren yesterday said that he is confident there will be no such re-occurrence now that the Cambodian government is in control of the area, and if a problem were to arise, he will be ready to discuss it with the Ubon Ratchathani governor.

Yuwat added that the situation around the An Ma Pass has returned to normal, and said he is confident the authorities concerned in both countries will be able to effectively protect the loggers.

The governor also asked the Cambodian side to be sympathetic with Thai loggers going into its territory as they may not understand Cambodian laws and regulations.

Thailand: Minister: Foreign Investors 'Vital' to Stock Market

BK2907093396 Bangkok THAILAND TIMES in English 29 Jul 96 p F1

[Report by Sawitri Muatmuang]

[FBIS Transcribed Text] Finance Minister Bodin Chunnanon and chiefs of local securities firms believe foreign

support is vital for the market to rebound in the short term.

After having ruled out a support fund last week, the minister feels foreign buyers could now be persuaded to re-enter the market as bargains have started to appear, given this month's 10 percent fall in the SET [Securities Exchange of Thailand] index.

In response, key capital market executives hope to help boost the stock market over the next two weeks by holding a seminar to which core foreign analysts and fund managers from Hong Kong and Singapore who withdrew from the local market earlier this month, have been invited.

Expressing concern over the weekend that the current market malaise may continue, the Finance Minister said he would remain in close contact with all concerned to see what can be done.

Mr Bodi said the stock market was plagued by uncertainty with foreign and local investors concerned about the macro-economic situation.

He said this lack of confidence had seen trading volumes decrease and foreign investors become net sellers in the past two to three weeks.

Despite a lowering of this year's GDP [Gross Domestic Product] growth forecast earlier last week, the government remained committed to returning the economy to normal, through a disciplined monetary policy, and attempting to bridge the current account deficit.

He added that more measures would be taken soon to boost the export sector, which has witnessed a slowdown in growth this year.

Thai exporters had proved themselves capable of competing in the international arena and would continue to grow, led by electronics, computer components, and automobile parts, Mr Bodi said.

The Finance Ministry should grant tax concessions and similar incentives to encourage export-oriented firms, he added.

Referring to the four new mutual funds which were recently approved by the SET, he said they would get the ministry's clearance shortly.

The Securities Finance Corporation (SFC), being set up to assist securities firms in their funding needs, would be operational before the end of September, the minister said.

Mr Bodi's statements followed a series of weekend meetings involving top officials of several leading securities companies.

Supporting Mr Bodi's views, Olan Chaiprawat, president of the Thai Bankers Association said on Friday that four simultaneous approaches need to be made.

They include: promoting export competitive industries; increasing the ability of firms to add value to products, which in turn would broaden the economic base; change the focus of domestic savings structure towards the longer term; and, look for long-term foreign investment.

Thailand: Editorial Views Problems Facing Banhan Government

**BK2707115496 Bangkok THE NATION in English
27 Jul 96 p A4**

[Editorial: "Coalition Still Mired in Morass of Problems"]

[FBIS Transcribed Text] The second year of the Banhan government has ominously begun in a familiar manner. Parliament is set to conduct deliberations on political reform in a matter of days, amid growing signs of divisions in government and a possible revolt from the senators. That will be followed by a new no-confidence motion, this time most likely to focus on the prime minister himself.

And a new political bombshell has been dropped. News reports quoted Rakesh Saxena, a key suspect in the BBC [Bangkok Bank of Commerce] loan scandal, as alleging that he had contributed financially to election campaigns of key members of the Chat Thai Party.

Everything seems to be playing into the opposition's hands. While Prime Minister Banhan Sinlaphacha had managed to stay above the BBC affair, he has lately been dragged into it. Moreover, there is another brewing controversy, and this time it involves his daughter, who supposedly sold a big plot of land to the Bank of Thailand at a stunning price of [Thai baht] Bt46.5 million.

All major problems have revolved around the man at the centre. Factionalism within Chat Thai stemmed from his failure to settle once and for all the US drug controversy involving two senior members, and from his refusal to relinquish the Interior Ministry portfolio.

The political reform showdown was caused by his failure to fulfill an election pledge. And the fresh censure campaign was stimulated by his infamous "escape" from the previous no-confidence attack.

Thammasat University political scientist Wisut Phothithan has summed it up for Banhan. "Old problems are still there and they are spawning new ones," said the academic. In other words, old and new political time bombs are scattered along the way.

Banhan spent most of his first year trying to defuse political crises and denying grave allegations. At the same time, he was basking in the new-found warmth of the international spotlight. Most major economic measures were of emergency in nature, while visionary guidelines have been rarely, if at all, laid down for the country.

No clear-cut social agenda has been pursued either. There was a clampdown on the hangouts of teenagers at Royal City Avenue, but the move was widely considered to be politically motivated. The problem of child prostitution has not been seriously tackled.

The students' loans were a good follow-up to the previous government's initiative. Infrastructure construction has progressed fairly well, although we have to take note of a number of alleged irregularities that accompanied many projects.

If the prime minister has any agenda at all, it has been blurred by political problems of great magnitude. Those problems have generated public wariness, eroded people's faith in government and spoiled the economic atmosphere.

For other governments, the "buy-Thai" campaign would have been a great opportunity to score valuable political points. But the Banhan administration, whose relations with the media have been poor, has seen coverage of the issue focusing only on his made-in-Thailand necktie and his wife's call on the spouses of provincial governors to wear pha sin [skirt for women] more often.

Banhan's second year is going to be rockier than the first. As Chulalongkorn University political science lecturer Professor Kramon Tongthamachat has predicted, "Common interests will decline and everybody will give more priority to his own agenda. There will also be someone who thinks 'I've got what I want' and is ready to go."

With more leaks and escalating infighting among its crew, the Banhan coalition ship will sail on — into another fierce storm.

Thailand: Chawalit Plans To Push for Military Satellite Project

*BK2707123396 Bangkok THE NATION in English
27 Jul 96 pp B1, B2*

[Report by Utsani Mongkhonphon]

[FBIS Transcribed Text] Deputy Prime Minister and Defence Minister Gen. Chawalit Yongchayut is close to achieving another of his main telecom policies after announcing that the long-delayed military satellite

project's terms of reference [ToR] will be ready by the end of this year.

Yesterday, with the help of the Juridical Council, Chawalit succeeded in having the mobile phone industry opened to newcomers, following his successful attempts to expand the number of telecommunications alternatives available in Thailand.

The satellite project will help him, as the leader of New Aspiration Party which oversees the ministries of defence, transport and communications and education, achieve its second major policy goal: the introduction of modern technology to improve national security.

Chawalit is confident that Cabinet on Aug 6 will allow the Defence Ministry to go ahead with the satellite scheme, with the ministry developing the ToR and calling for bids afterward.

In a seminar entitled "Aerospace and the Nation's Future" held yesterday in Pattaya and sponsored by multinational telecom equipment suppliers including Alcatel, Chawalit made it clear the long-dead Star of Siam project had been revived. The project was initiated in 1989 with the cooperation of British Aerospace.

The investment value of the project, which will consist two geo stationary satellites and possibly four low-earth orbit (LEO) satellites, will be [Thai baht] Bt12.5 billion, half of the Bt25 billion previously projected by the British company.

"This is not a signal telling you what we want or what you should offer. The price could be lower if you quote us a lower price but it is adjustable depending on the quality of the proposed equipment," Chawalit told the audience.

Chawalit insisted a quick start was necessary if the government wants to achieve up-to-date results.

He was careful to point out how the project will complement the schemes proposed by other two NAP [New Aspirations Party]-supervised ministries — Transport and Communications and Education.

The satellites could provide transmission back-up to a planned six million fixed-telephone lines project and serve the tele-learning programme, which will be operational next year to provide education to students living in remote areas, he said.

To those who believe he revived the project for his own personal interest, he said: "In the past, I had time but no money. Now, I have money but no time. Don't think I come to this for money. I do it for the national interest."

According to Chawalit, each of the geo satellites must have 24 transponders: two C band, four X band and

16-18 KU band. The LEO option might be dropped if the investment is too high, he noted. The investment will include insurance costs, which are about 15 to 20 per cent of the total, 20 ground stations, around 400 very small aperture terminals nationwide and two relay stations.

The C and KU bands can be operated for commercial purposes but Chinnawat Satellite Plc, the owner of Thaicom satellites, has sole rights to their use through 1998.

While saying that public sector demand for satellite services is high, preventing the ministry from providing commercial services, Chawalit did not rule out the possibility that commercial service might be made available when Chinnawat's rights expire.

Moreover, before the project can be commercialized, it must fall under the Public/Private Joint Venture Act BE [Buddhist Era] 2535, which could take two years to receive government approval.

PM's [Prime Minister's] Office Minister Phokhin Pholakun and Deputy Prime Minister Amnuai Wirawan are looking into the law because no public/private projects have won approval since its implementation.

According to Montri Suphaphon, director of the Defence Technology and Telecommunication Centre, the Defence Ministry will finance the project with supplier credits which the ministry could later pay back out of its own budget, possibly beginning in the 1998/1999 fiscal year.

"Once the Cabinet gives approval, we can proceed immediately with the plan," Montri said.

Foreign companies interested in participating in the project must form a consortium with a Thai partner that will act as the project's main contractor. Foreign suppliers must possess letters of guarantee from their governments because this is considered a government-to-government contract. Moreover, the suppliers must comply with countertrade agreements by transferring technology to Thai partners in return for supply contracts.

Montri said the Post and Telegraph Department is seeking satellite slots between 85 and 87.5 degrees east latitude.

Thailand: Official: Military Satellite Not for Commercial Use

BK2907082996 Bangkok BANGKOK POST in English 29 Jul 96 p 6

[Unattributed report]

[FBIS Transcribed Text] The satellite the military is seeking to procure cannot be used for commercial purposes because it would violate the existing law which bars private firms from getting involved in defence projects, Director of Defence Technology and Telecommunications (DTTC) Lt-Gen Montri Suphaphon said on Friday.

Unless the existing defence regulations are amended, he said, the military satellite can not be tapped for commercial use.

The satellite will have three communication frequency bands, namely the X-band for exclusive military use, the KU and C bands which can be used for non-military purposes by state agencies such as the Interior, Public Health or Education ministries.

Lt Gen Montri warned that any delay in acquiring the military's first satellite would compromise national security.

The project, called the Star of Siam, which is yet to be approved by the Cabinet will cost somewhere between 15-20 billion baht. It will have a footprint covering one-third of the Earth's surface, covering Thailand, the rest of the ASEAN states, the Indian Ocean and the western Pacific region.

He said about 100,000 troops are deployed along the borders. With the satellite the military central command can keep in constant contact with troops and monitor their movements.

Critics, however, have questioned whether the military really needs a satellite, and even if the Cabinet approved the project, whether the satellite would be put to commercial use.

Thailand: Researchers on Baht Circulation in 'Black Economy'

BK2707115396 Bangkok BANGKOK POST in English 27 Jul 96 p 1

[Report by Sirikun Bunnak]

[FBIS Transcribed Text] The black economy has put at least 1.1- 2.1 trillion baht in circulation, representing 30-58 percent of GDP, according to Chulalongkorn University researchers .

Narcotic accounts for 100 billion baht a year; the flesh trade 450-500 billion, labour export brokerage fees 60-80 billion; arms 13-62 billion; oil smuggling 8.5 billion, casinos 100 billion-one trillion; underground lotteries 300 billion; and soccer gambling 50 billion baht.

Casinos, underground lotteries and soccer gambling account for as much as 900 billion baht, or almost 20 percent of last year's GDP, according to the researchers.

Asst. Prof. [Assistant Professor] Sangsit Phiriyaransan of the economics and politics study centre, Assoc. Prof. [Associate Professor] Phasuk Phongphaichit and Asst. Prof. Nuanno Triarat of the Economics Faculty carried out separate studies that were put together in the research paper.

Although illegal, these businesses are booming in all areas with strong backing from politicians, policemen and other influential figures.

Metropolitan police stations receive 600-800 million baht annually from gambling dens, the researchers say.

Between 112,000-1,400,000 million baht circulates at casinos annually, especially in five major operations in Bangkok and 300 smaller operations during 1995-1996.

About 325,000 million baht circulates in underground lotteries annually which yield a net income of 9,700-16,250 million baht to their operators.

A major underground lottery operator on each province would make least 150 million baht even though they have to pay 6,500 million to police for protection and to their members.

According to the researchers, low-income people such as garbage collectors bet 100-200 baht each per round. "All janitors in a university in the Northeast bet 300 baht per round," said Assoc. Prof. Phasuk.

Soccer gambling accounts for at least 50 billion baht a year. Bookies usually ask punters to buy stakes through the Internet, by telephone or through banks to avoid arrest, says the paper. Most punters are middle-class people.

Asst. Prof. Sangsit said gambling is rampant because there are many influential figures behind these activities. Many underground lottery operators have close ties with politicians and senior police officers who secure their businesses.

Thailand: Finance Minister Calls 'Urgent Meeting' on Stock Market

BK2807101396 Bangkok THE SUNDAY POST in English 28 Jul 96 p 1

[Report by Paritta Yutthamanop and Thanom Phiphithayakon]

[FBIS Transcribed Text] Finance Minister Bodi Chun-nan called an urgent meeting with parties concerned yesterday to work out measures to shore up the ailing stock market.

Mr. Bodi said market mechanisms would be allowed to do their work without interference from the authorities.

However, local "road shows" would be organised to try to give a clearer picture of the fundamentals of the economy.

The shows would be for the benefit of 25 leading brokers from Hong Kong, Singapore, London and other centres.

The aim would be to boost their confidence in the strong fundamentals of the Thai economy and to woo foreign investors to shift their funds back to the Thai bourse.

Earlier, the Bank of Thailand reported that gross domestic product would grow 7.8% this year.

The current account deficit — the gap between savings and investment — would be equivalent to 7.8% of GDP down from 8.1% last year.

Inflation would be 5.5%, down from 5.8%.

Exports would grow by only 10.2% over last year. Performance in the second half would improve after sluggish exports in the first half, when they grew only 6%.

Mr. Bodi said the Government would also try to persuade local brokers to use about five billion baht left — part of the 30-billion baht so-called liquidity fund — to prop up local stock prices.

The liquidity fund was established in November last year after a disgruntled investor Wiwat Sammachip, attempted suicide to protest to the Government about the bearishness of the stock market.

The Finance Ministry will host a meeting with the Association of Securities Companies within the next fortnight to map out more concrete measures to bolster confidence in the local bourse.

Foreign investors have been playing an instrumental role in the bullishness of the Thai bourse for some time.

But they have become net sellers in big Thai market capitalisation stocks recently, causing the SET [Stock Exchange of Thailand] index to create new lows every trading day last week.

In the longer term, Mr. Bodi said the Government will try to boost the competitiveness of exports, restructure industries, mobilise savings and restructure loans for stock investment.

Atsawin Chintakanan, vice chairman of Sahawiriya Group, one of seven advisers to Mr. Bodi, said after the meeting yesterday that he had suggested that Thailand host a seminar, inviting about 20 foreign brokerage houses and foreign fund managers who have been actively involved in the local stock exchange to participate.

Mr. Bodi would deliver the keynote address at the seminar.

The seminar was likely to touch on the bright outlook for the Thai economy, which was recovering ground.

Similar seminars would be held with participants from members of the media, stock analysts and the general public.

Dr. Atsawin said the seven advisers would try to convince local brokers to inject about five billion baht in funds left from 15 billion baht of funds established during the Mexican crisis last year to help the ailing local stock exchange.

Although the funds were a "mirage" which sometimes caused illusion on investment sentiment, he said they were necessary at least to shore up confidence in the Thai stock exchange.

Dr. Atsawin also admitted that so many people gave so much information about Thai economic fundamentals causing confusion to investors, despite the fact that Mr. Bodi has been trying to lay down measures to improve the economy in the medium to long term.

The seven advisers to Mr. Bodi include former finance minister Suthi Singsane, former finance minister Phanat Simasathian, former Stock Exchange of Thailand president Maruai Phadungsit, Siam Commercial Bank president Olan Chaiprawat the Thailand Development Research Institute's Chalongphop Susangkan, Union Bank of Bangkok president Piyabut Chonwichan and Dr. Atsawin.

Thailand: Article Views Telecommunications Monopoly Changes

*BK2907071096 Bangkok THE NATION in English
29 Jul 96 p A4*

[Article by Sutham Yunaitham: "Towards Telecom Liberalisation"]

[FBIS Transcribed Text] Last week the Council of State, the government's legal adviser, had a rather unusual meeting. The subject of the meeting was interpretation of existing telecommunications laws and interpretation of contracts government agencies have with private operators, both of which currently provide monopolistic "protection" to companies.

The Great Temptation

The ruling will change the future of the Thai telecommunications sector. The issue at hand is not just to find the intended meanings of the wording of laws or the wording of contracts the Telephone Organisation of Thailand [TOT] or the Communications Authority of Thailand [CAT] has with private operators.

Rather the issue is one of legal policy. It should be accepted now that the legal principles provided by the Telegraph & Telephone Act of 2477 do not respond to reality.

This is not to say that the act is outdated as claimed by many critics and politicians. I simply mean to show that, in reality, administration of this law has gone beyond the limit and disregarded due legal process.

For example, there was the granting of permission earlier this year for a sublicensing practice without going through the procedures of the Private Sector Participation in Governmental Affairs Act 2535 (JV Act 2535).

Another instance was the attempt to approve a telephone fee tariff structure without seeking approval of the Cabinet despite the stipulations of the Telephone Organisation of Thailand Act 2477. (Later the Transport and Communications Ministry changed its mind and sent it to Cabinet for approval.)

One of the most important assumptions of Act 2477 is that telecommunications should be a natural monopoly business where a single or few operators generate optimal social welfare.

Thus, economy of scale is guaranteed by the law stipulation that the government has absolute monopoly to provide telecommunication services.

Because the closure of a market entails an "economic rent", in order to do away with the rent seeking

temptation of an operator, the law requires that only a government agency can provide such a monopolistic service. Further, the law provides that the operator shall operate for the benefit of society at large.

In the past, the Ministry of Transport and Communications (MOTC) had tried to licence a private operator but the Juridical Council, (the former name of the Council of State) ruled that "only the government can provide telecommunications services" (per the Telegraph and Telephone Act).

This ruling had a profound impact on the development of the Thai telecom sector. The economic rent provided by the law was so much that monopoly holders could not withstand the tremendous pressure and temptation to capitalise on the rent.

Thus, as a result, a new device, engineered by skilled bureaucrats to sidestep the law was created. It led to contracts being based on the "Build, Transfer, and Operate" [BTO] basis. And today many of those same bureaucrats are now working with the companies that received the BTO licences from them during the time they were in office.

In fact, the Juridical Council advised in the ruling that the government should amend existing laws to accommodate changes in the telecommunications industry. But politicians and bureaucrats taking advantage of their offices at the MOTC chose the road less travelled by not amending the law but choosing instead to continue their manipulation of the legal jargon.

Private Monopoly

The BTO system has brought about many distortions. A prime example is that BTO agreements usually ensure "protection" because of stipulations that the government shall not grant a similar licence to rival parties for a certain period of time.

In one case, the contract went even further to provide that the government would not operate or compete with a concessionaire during the life of the agreement (22 years plus a successive 22 years right of first refusal).

I can find no reason why the government should protect the private sector when protection no longer serves the purpose of having it in the first place.

All the big companies are now at the leading edge of the Thai business sector. Isn't it because of protection?

This is a classic case of legal manipulation by skilled bureaucrats to transfer monopoly from the government to the private sector. It is worth noting that the transfer of monopoly is done through private contracts despite

the fact that the monopoly was established by the legislature. Be reminded of the words "only government".

In reality, the Juridical Council's rulings that "only government" means "only government" do not work. "Only government can provide telecommunications services" nowadays means only government can give away what the law entrusts to government agencies! Abuse of power has been committed.

The Future

We should not forget that the Council of State's rulings are the cornerstone of Thai telecom policy. The author would like to raise some of its rulings.

- BTO contracts are the direct result of the decision to separate ownership of a facility from operation (ie to separate hardware from software).

In telecommunication service, both hardware and software can generate revenue. Telecommunication service covers facility-based services, network-based service, and other value added services.

- New technology cannot be used in the provision of telecommunications services because of the decision to endorse exclusive protection clauses.

- New entries are denied as a result of a decision to legitimise the extension of telecom contracts.

- The transfer of monopoly by law to the TOT and CAT is legalised by a decision to interpret the BTO agreement.

- Renegotiation and amendment of the telecom contracts escape scrutiny imposed by the JV Act 2535 because it was decided once that the revision was an "old project", and wise men always find ways to convert "new projects" into "old projects" such as the conversion that took place at the CAT last month.

- The long-term protection period (in fact it is too-long-a-protection-period practice) slips by without the notice of any authoritative decision-making bodies including the Attorney-General's Department, Juridical Council, and MOTC.

Another Chance

This time, the Council of State has determined the fate of Thai telecommunications. "Protection" on cellular service are being re-interpreted to create competition. This time, it is not just a reading of words to be found in the self-perpetuating contracts or the 61-year-old law.

It is instead a decision to lay legal principles which everyone will have to abide by.

It is also their decision which will determine choices of technology for the country.

If we choose to close the sector for the old operators, we will be protecting those who in fact do not need protection. We are also endorsing the transfer of monopoly from government to private sector without giving due respect to consumers who "may" have rights to quality service and choice.

Further, we deny ourselves the opportunity to have new technology which is more efficient or cost savings because the contracts protect old technologies.

Most of all, it is an incentive for politicians and bureaucrats to halt the effort to liberalise the telecom sector and turn to revision of the existing telecom agreements which are equally ruinous to the liberalization process.

It is, however, believed that common good gained by the opening up of market access will override the opportunity cost of choosing to close the market. After all, monopoly will be loosened, consumers will have more choices, new technology which is more efficient can be introduced and new entrants are guaranteed.

Though this is not a liberalized market where competition brings optimal welfare to consumers and society, it is much better than the market in which a few players maintain their grip on consumers and society.

Note: By a majority vote, a 45-member panel of the Council of State ruled last week to revoke the duopoly granted to two private cellular companies by two state agencies.

Vietnam:

SRV: HCMC Party Chief Welcomes Anthony Lake's Visit

BK2607143796 Ho Chi Minh City CONG AN THANH PHO HO CHI MINH in Vietnamese 17 Jul 96 p 9

[Report by Gian Thanh Son]

[FBIS Translated Text] In the last leg of his three-day Vietnam visit, Doctor Anthony Lake, national security adviser to the U.S. President, and his entourage paid a visit to Ho Chi Minh City [HCMC] from 13 July.

In the evening, the national security adviser to the U.S. president paid a courtesy visit to Prime Minister Vo Van Kiet in HCMC. Prime Minister Vo Van Kiet welcomed Doctor Anthony Lake's Vietnam visit, considering it a new effort of the U.S. Government for the strengthening of relations between the two countries.

Also in the evening of 13 July at the office of the HCMC People's Committee, Party Secretary Truong Tan Sang had a warm meeting with Adviser Anthony Lake and

other officials. Comrade Truong Tan Sang expressed his delights at the honor of receiving Doctor Anthony Lake to visit HCMC. He also expressed his wish that after this visit to Vietnam and HCMC, Mr. Anthony Lake would help to expedite the process of friendship relations between Vietnam and the U.S.. Party Secretary Truong Tan Sang thanked Mr. Anthony Lake and other American guests for the fine sentiments they reserved for HCMC in this visit.

In his reply, Mr. Anthony Lake said that the American side wishes to contribute to the economic development and national construction of Vietnamese people, with people from HCMC included, on the basis of mutual respect and understanding. Mr. Anthony Lake said that he has profound and warm sentiments towards this city (HCMC) and this country. He expected that there will be more and more American businessmen coming to Vietnam and HCMC. He hoped that an American tender would win the bidding for the project to restore and upgrade the Tan Son Nhat Airport, and in a near future, direct flights between HCMC and the U.S. will be realized.

SRV Foreign Minister Attends ASEAN Postministerial Conference

BK2607161196 Hanoi VNA in English
1248 GMT 26 Jul 96

[FBIS Transcribed Text] Hanoi VNA July 26 — Foreign Minister Nguyen Manh Cam and his Canadian counterpart Mr. Lloyd Axworthy have signed documents to formally recognise Vietnam's participation in the economic cooperation agreement between ASEAN and Canada signed in 1993.

On the same day, Mr. Ali Alatas, Indonesian foreign minister and chairman of the ASEAN standing committee, and Mr. Lloyd Axworthy also made amendments to the existing agreement on the ASEAN-Canada Co-operative Programme on Marine Science and the Canada-ASEAN regional training programme.

Under these agreements, Canada will allow Vietnam to take part in the above programme funded by the Canadian International Development Agency (CIDA) by extending the programme on marine science for two more years and adding CAD [Canadian Dollars] 2.5 million to the funds for the programme.

The ASEAN-Canada Co-operative Programme on Marine Science is to establish a regional network of marine research facilities to monitor pollution levels in coastal waters in the Southeast Asian region, while the Canada-ASEAN regional training programme will enable Canada to work with Vietnam to upgrade the skills

of Vietnamese middle and senior-level public officials in telecommunications, banking and finance, customs and tax administration and filtration technology.

Earlier, Foreign Minister Cam was appointed to chair two dialogues with New Zealand and Russia to which Vietnam was assigned as co-ordinating country.

All the above activities took place at the ASEAN Post-Ministerial Conference (PMC) held on July 24-25 in Jakarta, Indonesia.

ASEAN dialogue partners include Australia, Canada, China, the European Union, India, Japan, New Zealand, Russia, South Korea and the United States.

SRV: Commentary Reviews Success of 29th ASEAN Summit

BK2607144396 Hanoi Voice of Vietnam in English 1000 GMT 23 Jul 96

[Station Commentary]

[FBIS Transcribed Text] The 29th ASEAN Foreign Ministerial Conference successfully ended in Jakarta with a joint communique reflecting consensus on a wide range of issues. Here is the gist of the joint communique.

The joint communique welcomed Cambodia and Laos' applications to join ASEAN in 1997 and Myanmar [Burma] to become an observer. ASEAN also agreed to consider India, China, and Russia as its full dialogue partners. The communique noted that the increasingly important role of ASEAN in maintaining peace, stability, and prosperity in Asia and the Pacific, it is [word indistinct] satisfaction of the progress made at the ASEAN Regional Forum, and affirmed that ASEAN continues to be a motive force for the forum. It also stressed the importance of expediting ratification of the Southeast Asia Nuclear Weapon Free Zone Treaty.

The communique described the situation in the Asia-Pacific Region as stable while tension still exists elsewhere in the world. It also emphasized the importance of full and effective implementation of the Nuclear Non-proliferation Treaty and called on the nuclear powers to refrain from conducting nuclear test and to conclude negotiations on the Comprehensive Test Ban Treaty this year. The communique said that the situation in the East Sea remains a major concern of ASEAN and called on all parties concerned to peacefully settle the dispute in the spirit of the Manila Declaration. It noted the importance of the World Trade Organization's inaugural ministerial meeting to be held in Singapore in December; reiterated ASEAN's opposition to any attempts to include issues not related to trade such as corruption or labor standard on the meeting's agenda.

It expressed full support for Vietnam joining the ASEAN Pacific Economic Cooperation or APEC and called on dialogue partners to commit themselves to promote trade, investment, and technology transfer, and then open markets to ASEAN products. It also agreed to the basic framework of the ASEAN development cooperation in the Mekong River basin.

SRV: Agreement Signed With Chinese Agricultural Bank

BK2607123996 Hanoi Voice of Vietnam Network in Vietnamese 0500 GMT 23 Jul 96

[FBIS Translated Text] The Chinese and Vietnamese Agricultural Banks on 22 July signed a cooperation agreement on border trade. This first agreement by the two banks was the result of the rapid development of border trade between the two countries in recent years.

The agreement will enable the two banks to strengthen cooperation in settling foreign trade transactions. It will also speed up cooperation in the exchange of credits, loans, and personnel.

SRV: Japan's Ikeda Arrives in Hanoi 27 Jul

OW2707074496 Tokyo KYODO in English 0732 GMT 27 Jul 96

[FBIS Transcribed Text] Hanoi, July 27 KYODO — Japanese Foreign Minister Yukihiko Ikeda arrived in Vietnam on Saturday on the final leg of his nine-day official tour of three Southeast Asian nations.

Ikeda, who also visited Indonesia and Singapore on the trip, is the first Japanese foreign minister to visit Vietnam in five years since Taro Nakayama's trip here in June 1991.

He will attend a signing ceremony for fresh grants-in-aid worth about 3.56 billion yen, Japanese officials said.

Ikeda will later meet Vietnamese Foreign Minister Nguyen Manh Cam to forge "future-oriented" ties, the officials said.

Ikeda will express Japan's readiness to provide economic, intellectual and cultural assistance to Vietnam to further promote rapidly expanding bilateral exchanges, the officials said.

"The main objective of the meeting will be to throw support behind (Hanoi's) 'Doi Moi' (renovation) policy, a senior Japanese official said.

At its eighth national congress, Vietnam's ruling Communist Party formally decided to continue with and accelerate Doi Moi, which Hanoi has been pushing for the last decade.

During his meeting with Cam, Ikeda will invite the Vietnamese foreign minister and defense officials to visit Japan to help boost political and security links between Tokyo and Hanoi, the officials said.

Cam is expected to urge Japanese private companies to increase their investment in Vietnam.

As of April this year, Japan ranked second after Taiwan in terms of cumulative investment in Vietnam, with its investment amounting to some 2.3 billion dollars.

Japan is the largest donor to Vietnam with economic assistance totaling about 80.5 billion yen in fiscal 1995, which ended March 31 this year.

On Sunday, Ikeda he will meet Vietnamese Communist Party chief Do Muoi, Vice Premier Tran Duc Luong and National Assembly Chairman Nong Duc Manh.

Ikeda will return to Japan on Monday.

SK : : Japan Offers 3.56 Billion Yen in Aid to Hanoi
OW2707082296 Tokyo KYODO in English
0819 GMT 27 Jul 96

[FBIS Transcribed Text] Hanoi, July 27 KYODO — Japan offered Saturday to extend grants worth some 3.56 billion yen to Vietnam for projects to repair bridges and provide educational equipment to a Vietnamese college.

A signing ceremony for the economic and cultural aid was held in Hanoi in the presence of Foreign Minister Nguyen Manh Cam and Japanese Foreign Minister Yukihiko Ikeda, who arrived in Vietnam earlier in the day.

Of the sum, 3.51 billion yen will be extended over three years through March 1999 to reconstruct bridges in northern Vietnam, Japanese officials said.

In addition, 45 million yen will be handed over to Vietnam to supply educational equipment at Hanoi Foreign Language College, the officials said.

SRV 'Evaluating' ROK Efforts To Establish Peace in Korea

SK2907085096 Seoul YONHAP in English
0605 GMT 29 Jul 96

[FBIS Transcribed Text] Hanoi, July 29 (YONHAP) — Vietnam is currently evaluating the efforts of South Korea to establish a peace regime on the Korean peninsula, Vietnamese Foreign Minister Nguyen Manh Cam said Monday.

Meeting his South Korean counterpart, Kong No-myong, Nguyen made the remarks as a response to Kong's request for Hanoi's support of the proposed

four-way peace talks, according to a Seoul official who accompanied Kong.

Kong is visiting Hanoi on the last leg of his three-country tour, which took him to Jakarta for the Association of Southeast Asian Nations Regional Forum and post-ministerial conference and Singapore.

Hanoi expressed its satisfaction with South Korean business investment in Vietnam, now 1.5 billion U.S. dollars, and asked for Seoul's efforts for further investments.

It also requested Seoul's expanded provision of soft loans under the economic development cooperation fund, participation in large-scale infrastructure projects like tap water and road facilities, and acceptance of more Vietnamese industrial trainees.

The two foreign ministers also discussed possible cooperation in Hanoi's joining the World Trade Organization (WTO), and increased personnel exchanges for the purpose of invigorating relations between the two countries.

On Monday afternoon, Kong paid a courtesy call on Communist Party General Secretary Do Muoi.

Wrapping up his southeast Asian tour, Kong is scheduled to fly back home Tuesday.

SRV: Kiet Addresses Central Highlands Development Conference

BK2607152696 Hanoi Voice of Vietnam Network in Vietnamese 1100 GMT 19 Jul 96

[Report by Hoai Thu]

[FBIS Translated Text] A conference on socioeconomic development in the Central Highlands for the period from 1996-2000 and until the year 2010 was held by the government in Buon Me Thuot city of Dac Lac province from 16-18 July. Prime Minister Vo Van Kiet and Deputy Prime Ministers Phan Van Khai and Tran Duc Luong took turns presiding over the conference.

The conference was attended by the leading comrades of various provinces, offices, branches, sectors, districts, and towns subordinate to the four Central Highlands provinces of Lam Dong, Dac Lac, Gia Lai, and Kon Tum. Also present were leading comrades from various relevant ministries and sectors at the central level.

Over the years, the Central Highlands' agriculture has shown great potential to become a large-scale, highly competitive commodity manufacturing sector since there have been many specialized crop areas set up and their effective operations have been noted. Generally speaking, the pace at which the Central Highlands'

agricultural sector has developed is, however, not commensurate with the region's latent potential.

Twenty years after the revolution, the livelihood of the multiethnic compatriots of the Central Highlands has shown some important improvements. But the life of a large number of compatriots living in inaccessible and remote areas is still very difficult. Remarkable improvements have been noted in the infrastructure of the Central Highlands countryside. However, the region's infrastructure is, generally speaking, still very poor. Public security and order in the Central Highlands countryside have been firmly maintained and the political situation has been stable. However it is necessary to consolidate national security and defense, especially in the border areas; and to prevent a potential recurrence of social vices. The Central Highlands environment is suffering from a serious decline due to destruction of the forests, worsening soil conditions, and improper use of water resources. Prompt measures must be taken to protect and restore the ecology of the region for the benefit of the locality itself and for the region as a whole.

The conference on the Central Highlands' socioeconomic development for the period from 1996-2000 and until the year 2010 concentrated on discussing various concrete and practical policies, measures, and objectives aimed at achieving socioeconomic development in the Central Highlands. The conference discussed the implementation of various economic programs, such as the development program for those areas inhabited by ethnic minority compatriots, the program for the eradication of hunger and alleviation of poverty, the program to relocate the people for the development of economic zones, and the program to develop the infrastructure. In addition, the conference also discussed a number of priority projects and some essential policies on land and capital, the policy on the resettlement of the people and on human resource development, the policy on science and technology, and the policy to renovate state enterprises and to develop various forms of economic cooperation for socioeconomic development in the Central Highlands.

Delivering a closing speech at the conference, Prime Minister Vo Van Kiet said: This conference reflected the attention of the party and the state concerning the role and position of the Central Highlands. It is necessary to be clearly aware of the latent potential, prospects, and strengths of the Central Highlands; and to promptly work out an economic development program based on forestry and achieve a unity of views and actions over the Central Highlands' forestry-based economy.

With regard to industrial crops, in addition to those crops already mentioned, attention must be given to

the cultivation of cotton, mulberry, and sugar cane, particularly cotton plants. Attention must also be given to developing herds of animals. It is necessary to come up with a program to develop herds of cattle and to attach importance to the raising of large animals.

As for the development of the infrastructure, Prime Minister Vo Van Kiet said: There have been urgent requirements for the development of the infrastructure in the Central Highlands, especially in the areas of communications, water conservation, electricity and water supply.

Regarding the issue of population control and human resources of the Central Highlands, the prime minister placed special emphasis on the need to promptly eradicate hunger and alleviate poverty for the multiethnic compatriots in the Central Highlands within the next two years. Prime Minister Vo Van Kiet also pointed out the responsibilities of various sectors and echelons as well as of various localities to eradicate hunger and alleviate poverty for the multiethnic compatriots in the Central Highlands. He called for the formulation of a program to move manpower to the Central Highlands in conjunction with efforts to find harmonious solutions to this issue.

As for the duty of localities in the eradication of hunger and alleviation of poverty for the multiethnic compatriots in the Central Highlands, Prime Minister Vo Van Kiet pointed out:

[begin Vo Van Kiet recording] You, comrades, must study this program carefully and even very carefully. Once this program has been carefully studied, you comrades must conduct research on crop plants and on the living conditions of the local compatriots. You, comrades, must find out those weaknesses committed in infrastructure investment. To achieve this aim, you, comrades, can select any localities in the Central Highlands where the conditions are most favorable. Districts must cooperate with various villages and sectors in the province in improving the life of the local compatriots in the areas of housing, water supply for daily consumption and for production, and travels. In addition, it is necessary to ensure strong leadership from provinces and close cooperation between districts and villages. You, comrades, must reserve at least 50 percent of your leadership and management efforts for the implementation of this 2-year program. [end recording]

While in the Central Highlands to attend the conference, Prime Minister Vo Van Kiet and Deputy Prime Ministers Phan Van Khai and Tran Duc Luong took time out of their busy schedule to hold a working session with the leading comrades of Dac Lac province and to attend

a ground-breaking ceremony for the restoration and upgrading of Highway 14 linking Dac Lac with Song Be.

At the working session with the leading comrades of Dac Lac province, after hearing reports from the leading comrades of the province and from the representatives of various ministries and sectors, Prime Minister Vo Van Kiet expressed his hope to see Dac Lac satisfactorily exploit its potential and strengths to achieve socioeconomic development in the province; to cooperate with the three other Central Highlands provinces of Gia Lai, Kon Tum, and Lam Dong in turning the Central Highlands into a developed economic region; and to join with the entire country in satisfactorily implementing the resolution of the Eighth Party Congress to achieve the goals of building a prosperous people prosperous, a powerful country, and an equitable and civilized society.

SRV Prime Minister Invested With Powers To Curb Corruption

BK2607152596 Hanoi Voice of Vietnam in English 1000 GMT 23 Jul 96

[FBIS Transcribed Text] Prime Minister Vo Van Kiet has taken wide vested-powers in tendering process for major government-funded projects in an attempt to curb bribery, corruption, and other unfair practices.

The Prime Minister will now be accountable for endorsing successful bids for major government-funded projects whose investment value is as low as between \$1 to \$5 million.

SRV: Press Center Reveals Data on Party Members

BK2607161396 Ho Chi Minh City THOI BAO KINH TE SAIGON in Vietnamese 27 Jun-3 Jul 96 p 4

[Article by Phan Ngoc: "The Eighth National Party Congress: Preparing the Premises for Accelerating Industrialization and Modernization"]

[FBIS Translated Text] The Eighth National Party Congress will be take place from 28 June to 1 July 1996 in Hanoi. The congress will pass the political report, the report on socioeconomic development directions and tasks for the period 1996-2000, and the report on the amendment of party statute; and will elect the Eighth Party Central Executive Committee. Attending the congress will be about 1,200 delegates representing over 2,128,740 party members countrywide.

Records of the Press Center of the Eighth National Party Congress show that the number of new party members recruited in 1995 is 85,922 people, 47 percent higher than that of 1994. By the end of 1995, there are 40,330 party organizations at grassroots level in the country, in

which Hanoi has 1,517 party organizations at grassroots level with 142,409 party members, and Ho Chi Minh City has 2,259 party organizations at grassroots level with 83,720 party members.

In the party committees of provinces and cities countrywide, the proportions of party cadres with university level education and above, and cadres who have completed intermediate and advanced ideological training or state economic management training program always rise every year. The proportion of party cadres with a university education or above in provincial and city party committees increased from 23 percent in the 1977-79 office term to 57 percent in the 1991-95 office term. And the proportion of cadres with economic management training also rose from 8.6 percent in 1977-79 office term to 36 percent in 1991-95 office term.

According to figures obtained at the end of 1995, of the 2,128,742 party members countrywide, 8.6 percent are workers; 27.2 percent are farmers; 18.6 percent are public servants and state officials; and 27.4 percent are retirees and impaired retirees. Party members recruited from 1 May 1995 until now make up 54.6 percent of the total.

Concerning level of education: the number of party members having a senior secondary education is 28 percent; technical school training 11.6 percent; and university, college, and above 14 percent.

SRV: 'Essay' Warns Against Theft of National Secrets

BK2607160896 Hanoi Voice of Vietnam Network in Vietnamese 2330 GMT 21 Jul 96

[Essay by Van Hung]

[FBIS Translated Text] During the implementation of policies to diversify and expand our external relations with over a hundred countries in the world, there have existed some loopholes in the management of national secrets. In the recent past, investigative agencies have discovered a number of cases of our cadres travelling overseas in working trips and carrying with them documents, some of which have been recovered, and some have not. We have not yet worked out in these cases whether the loss of these documents was unintentional or on purpose, but in any case the consequences and possible harm caused by them are hard to measure. And we cannot rule out the possibility of leaking national information and secrets under many different forms and channels, for many different purposes, in all the cases we have discovered and also the cases we have not yet discovered.

Reports from eight provinces and cities, and from 14 ministries and sectors at central level, reveal that at present there are 108,160 Vietnamese citizens working for foreign agencies and organizations, of which 7,500 people work for diplomatic offices, international organizations, foreign representative offices, and non-governmental organizations. Another 100,650 Vietnamese citizens are working in joint venture businesses or businesses with 100-percent foreign capital, taking about 90 percent of the total Vietnamese working for foreigners.

It is practical to say that the management of the aforesaid people has grown beyond the reach of the authority concerned due to many reasons, the most important of which is the many cases of violation to employment regulations by foreign partners. Understanding the peoples' needs for work, and the loopholes in our legal and management structures, many diplomatic offices, international organizations, representative offices, and foreign non-governmental organizations have violated our state regulations on recruitment and position assignment.

It is impossible to assert that all people working for foreigners are suspect. But we cannot rule out the possibility that the foreign partners will take advantage of the naivete of their employees to exploit their gray matter and labor at dirt cheap prices, or even to extract national secrets from them in very cunning ways. In these situations, the laborers unintentionally leak national information through daily contacts between themselves and foreigners. It is a matter of course that the people employed by foreigners usually get salaries from two to four times, or even 10 times higher than others. There exists here an economic bond which helps minimize any reactions to the unreasonable or negative actions of some people, especially when they are in the position of bosses.

It is not a coincidence that foreign partners are usually keen to employ children or relatives of high-ranking cadres, technical cadres, and experts. They also give a lot of care to training, complimenting, giving awards and valuable presents, and paying abundant salaries to these people. Reality shows that the situation of gray matter bleeding and leakage of national information and secrets does not stop at the unintentional level. Illegal trading activities, tax avoidance, acquisition of secret documents, and violations to the dignity of

Vietnamese laborers by some foreigners have not only badly influenced diplomatic relations between the two countries, but also violated national interests and the law of both countries as well as violated human rights which have been internationalized.

The open economy offers us significant opportunities to gain access to modern science and technologies, experiences and skills in management of countries in and out of the region. It also poses many challenges in terms of national security. Never before have the imperialists and hostile forces launched their sabotage activities against the undertaking to build socialism in our country as fiercely as at present. The method of taking all advantages through economic means to steal national secrets is the master move that our enemies are giving their most attention. Relying on the rush to follow material life, worship money, and wish to get rich quick without having to labor, the enemies have quickly developed their peaceful evolution plot under many cunning and alluring guises.

It is time we need to help all the people realize the evil scheme of the enemies in their peaceful evolution plot which is present in most aspects of our socioeconomic life. We should not fall into the enemies' trap. We should not let individual gains and ignorance in economics and law make us forget the lesson of the Magic Crossbow legend in our history.

The strategic guidance determined by the Eighth National Party Congress shows that while concentrating our energy in economic tasks, we should not neglect the regular duties of consolidating national defense and security. This is an extremely important guidance which needs to be understood thoroughly in all activities of all socioeconomic aspects.

In the era of booming development of technologies and information sciences, stealing of national secrets through technical means has become popular. Using people to steal national secrets is actually a disguised sabotage activity in the peaceful evolution plot.

In the national development undertaking, building and suppression are both urgent issues. Building is, however, always put in the first place: building internal unity, building human love, and so forth, are our essential requirements in the protection of our socialist fatherland.

Australia

Australia: Howard Urges Closer Relations With U.S.

*BK2607032396 Melbourne Radio Australia
in English 0100 GMT 26 Jul 96*

[FBIS Transcribed Text] Australia's prime minister, John Howard, has called for closer relations with the United States while opening annual American-Australian ministerial talks in Sydney. Mat Peacock reports the talks are being held at the Watsons Bay Naval Base.

[Begin Peacock recording] It is the most high-powered U.S. delegation to attend the talks for decade, including both the U.S. secretary for state and the defense secretary. The prime minister, Mr. Howard, has taken the unusual step of opening the talks in person. The highlight — the coalition's commitment to developing an even closer military relationship with the United States.

After the two-day talks, the prime minister expected to make a declaration on the future security partnership and they are likely to finalize arrangements for major military exercises two or three times a year in the Northern Territory involving up to 2,000 U.S. marines. The decision is also expected to upgrade the role and the function of the joint U.S.-Australian spy satellite base at Pine Gap in Alice Springs. [end recording]

However, a group opposed to American bases in Australia says the country's relationship with the United States should be downgraded. A spokesman for the Australian Antibases Coalition, (Danny Doharty), says the training and placement of U.S. marines in the Northern Territory is immoral.

[Begin (Doharty) recording] Those particular marines who are stationed in Japan are deliberately stationed here so they can either intervene in North Korea or in Iraq again. So we are (?compliciting) the United States being able to move in militarily anywhere within our region without any reference to our own interests. [end recording]

Australia: Pine Gap Improvements, Exercises With U.S. Reported

BK2707110096 Sydney THE SYDNEY MORNING HERALD in English 27 Jul 96

[Report by Craig Skehan — received via Internet]

[FBIS Transcribed Text] In a major boost to security ties with the United States, Australia will hold its biggest joint military operation with the Americans for 20 years—Involving 17,000 US personnel—in Queensland next year.

The Federal Government also announced yesterday that the international spying capability of Pine Gap, near Alice Springs, would be improved and its lease to the US extended for 10 years from 1998.

An offer to extend the lease was accepted^d by visiting US officials including the Secretary of State, Mr Warren Christopher, and the Secretary of Defence, Dr William Perry.

The US officials are attending the annual Australia-United States Ministerial (AUSMIN) talks at HMAS Watson at South Head in Sydney.

Australia also agreed "in principle" to a US request to establish a relay ground station for its space-based ballistic missile early warning program because of the planned closure of the Nurrungar joint facility in South Australia in 2000.

The new joint military exercise—Tandem Thrust '97—will be held at Shoalwater Bay early next year and will involve about 17,000 US military personnel and 5,000 members of the Australian Defence Force.

It will be the biggest joint exercise since Kangaroo II in 1976, and up to 4,000 US personnel will come ashore while the remainder will provide back-up from warships.

The exercise, to be held every two years, will be in addition to several smaller new joint exercises to be held annually and involving up to 2,500 Marines.

The Minister for Defence, Mr McLachlan, said Tandem Thrust demonstrated the closeness of the Australia-US military relationship.

Asked whether it meant a return to the "All the way with LBJ" approach of conservative governments to the Johnson and subsequent Administrations during the Vietnam War, he said Australia's policy had always been one of self-reliance in any "foreseeable contingencies".

Mr McLachlan said the US military alliance remained "terribly important", adding that Australia's Asian neighbours had been briefed on reasons for the expanded co-operation with the US.

Dr Perry welcomed the Pine Gap extension, emphasising its role in supporting disarmament agreements, but would not comment on details of its planned increased role in collecting intelligence.

He said the US military presence in the Asia-Pacific assisted individual countries through improved regional security.

The Prime Minister, Mr Howard, said at the opening of yesterday's AUSMIN talks that "reinvigorating"

AUSTRALASIA

Australia's bilateral relationship with the US did not mean downgrading Asia.

He added that alliances remained important in times of strategic change despite the ending of the Cold War.

The AUSMIN talks will continue today, with discussions on issues including reform of the United Nations and disarmament.

Australia: Security Declaration Signed With U.S.

*LD2707091296 Melbourne Radio Australia
in English 0700 GMT 27 Jul 96*

[FBIS Transcribed Text] Australia and the United States have issued a joint security declaration, describing themselves as natural allies and treaty partners. Graham Lobell reports the declaration was issued at the conclusion of annual ministerial talks in Sydney.

[Lobell] The declaration said the Australian-U.S. security relationship had proved its value for five decades, and would remain a cornerstone of Asia-Pacific security into the next century. The two countries reaffirmed their commitment to the obligations [word indistinct] from the 44-year-old ANZUS treaty [Tripartite Security Treaty Between the Governments of Australia, New Zealand, and the United States]. The statement said extra American training in Australia would help forward deployment of U.S. forces, and would not mean any reduction of the American presence elsewhere in the Asia-Pacific. The security declaration said Australia and the U.S. would work towards the conclusion of a comprehensive nuclear test ban by the time the United Nations General Assembly meets in September and the entry into force of a chemical weapons convention early next year.

The final communique of the Australian and American ministerial talks says some South Pacific nations have increased their commitment to sound economic policies, but that it encouraged other island states to make the hard decisions needed to promote prosperity and development. The communique said the two countries reaffirmed their commitment to the stability and sustainable development of the South Pacific. It said the South Pacific Forum in September would focus on the core issues of trade and investment, economic reform, and prudent resource management.

Australia's Downer: Talks With U.S. 'Big Step' in Improved Ties

*BK2707124496 Melbourne Radio Australia
in English 1100 GMT 27 Jul 96*

[FBIS Transcribed Text] Australia and the United States have released a joint declaration proclaiming a security

partnership for the 21st century. Australia's foreign minister, Mr. Downer, says ministerial talks with American secretary of state, Warren Christopher, and Defense Secretary William Perry, which concluded in Sydney, were a big step in reinvigorating the longstanding relationship. Mr. Downer says the talks made important decisions on increased American military training in Australia and use of joint intelligence facilities.

[Begin Downer recording] Most importantly, we've encapsulated new directions in our security relationship in a new joint security declaration. Significantly, we recognize that the Australia-United States alliance has immense importance for the region. A key theme at the meeting has been importance we both pledged on continuing United State's engagement in the Asia-Pacific region. [end recording]

Australia: Minister Summons PRC Envoy To Protest Nuclear Test

*LD2907083996 Melbourne Radio Australia
in English 0800 GMT 29 Jul 96*

[FBIS Transcribed Excerpt] China has conducted what it claims to be its last nuclear test and says it will observe a moratorium on testing, just hours before negotiations on a test-ban treaty begin in Geneva. The official XINHUA news agency gave no details of the underground test. However, Australian seismologists say the test was a relatively small one. Ken Muirhead, from the Australian Geological Survey Association in Canberra, said the test at the Lop Nor site in western China was in the range of one to five kilotonnes. [passage omitted]

Australia's Foreign Minister Alexander Downer has summoned the Chinese ambassador, Hua Jundo, to his Canberra office to receive Australia's protest. Later, Mr. Hua described the meeting as good:

[Begin Hua recording] The foreign minister has expressed regret on the part of his country's government on this. (?on which we can dissent), but he also (?is very delighted to learn) that China will exercise moratorium on nuclear testing from tomorrow. We both agreed that (?this will) leave behind our differences and this will be very positive to the relations between China and Australia. [end recording]

The Australian opposition Labor Party's foreign affairs spokesman Laurie Brereton has described the test as irresponsible. [passage omitted]

Australia: First of 'New Generation' of Submarines Commissioned

*BK2707140896 Melbourne Radio Australia
in English 1100 GMT 27 Jul 96*

[FBIS Transcribed Text] The first of Australia's new generation of submarines has been commissioned into the Navy in Adelaide. Eighteen months behind schedule, HMAS Collins is the first of six diesel-electric submarines to be built by the Australian Submarine Corporation at Osborne under a \$5 billion [Australian dollar] program.

Hundreds of guests attended the commissioning ceremony, which ended with the 42-member crew and their commanding officer, Peter Sinclair, being piped on board. Commander Sinclair outlined the immediate plans for the submarine.

[Begin Sinclair recording] We're sailing mid-August and then heading around for Sydney, because we think it's extremely important that the people of Australia see the submarine now that it's complete. So, we'll be heading to Sydney for a four-day visit before taking the submarine to West Australia, where she'll be homequartered for the rest of her life. [end recording]

Australia: ABC Pledges Commitment to Service Despite Fund Cuts

*LD2807115996 Melbourne Radio Australia
in English 1100 GMT 28 Jul 96*

[FBIS Transcribed Text] The Australian Broadcasting Corporation's [ABC] managing director, Brian Johns, has vowed not to abandon any sector of the national broadcaster's audience in its attempt to cope with several [as heard] government funding cuts. Speaking on ABC Television's rural program "Landline", Mr. Johns said the funding cuts of 12 percent over the next two years meant the corporation would have to start saving 6 million dollars a month. He said the broadcaster would not be attempting to meet that target by wiping out its services to rural audiences, describing them as one of the ABC's strengths.

[Begin Johns recording] We're going to do it strategically. As I said, we're not going to slash and burn; we are not going to dismember the ABC; we are not going to turn our back on our commitments and our obligations to rural Australia, just as we're not going to turn our back on our commitments and responsibilities for urban Australia. The ABC belongs to all Australia. [end recording]

New Zealand

New Zealand: Wellington 'Disappointed' by PRC Nuclear Test

*BK2907094196 Hong Kong AFP in English
0911 GMT 29 Jul 96*

[FBIS Transcribed Text] WELLINGTON, July 29 (AFP) — New Zealand Prime Minister Jim Bolger said Monday he was disappointed by China's latest nuclear test, particularly as it came hours before key negotiations on a comprehensive test ban treaty.

The Chinese government announced Monday it had conducted a nuclear test and would now start a moratorium on nuclear testing, just hours before the test ban negotiations were due to start in Geneva.

"Although we welcome China's earlier undertaking that it will henceforth observe a moratorium on testing, China must go further," Bolger said in a statement.

"China should respect the will of the international community and cease testing for all time."

Bolger said New Zealand would lodge firm protests with the Chinese government in Beijing and in Wellington.

New Zealand intends to formally protest on Tuesday, when China's ambassador Huang Guifang will be summoned to Foreign Minister Don McKinnon's office, a spokeswoman for the minister said.

New Zealand: Former Japanese Prime Minister Hosokawa Arrives

*OW2407013596 Tokyo KYODO in English
0056 GMT 24 Jul 96*

[FBIS Transcribed Text] Wellington, July 24 KYODO — Former Japanese Prime Minister Morihiro Hosokawa, a senior member of the country's largest opposition party Shinshinto (New Frontier Party), arrived in New Zealand on Wednesday to study that nation's effective administrative reforms.

Hosokawa, whose Japan New Party dissolved when it merged with other opposition groups to form Shinshinto, is one of the initiators of a nonpartisan study group for administrative reform.

He will also meet with Prime Minister James Bolger on Thursday, his aides said.

Hosokawa became prime minister in August 1993 as head of a coalition government that ended the Liberal Democratic Party's decades-long monopoly on power, but a money scandal forced him to resign in April 1994 after only eight months in office.

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